



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2019

NN 2019-11-30



**AUDITOR - GENERAL
SOUTH AFRICA**

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LANGEBERG MUNICIPALITY

Index

Contents	Page
General Information	1 - 2
Approval of the Financial Statements	3
Report of the Auditor General	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes In Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Position	9
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Performance	10
Statement of Comparison of Budget and Actual Amounts - Cash Flow Statement	11
Accounting Policies	12 - 77
Notes to the Financial Statements	78 - 154
APPENDICES - Unaudited	
A Schedule of External Loans	155
B Segmental Statement of Financial Performance - GFS Classifications	156
C Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	157
D Appropriation Statements	
D A1 Reconciliation of Table A1 Budget Summary	158
D A2 Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)	159 - 160
D A3 Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)	161
D A4 Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)	162 - 163
D A5 Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding	164 - 165
D A7 Reconciliation of Table A7 Budgeted Cash Flows	166



LANGEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category Langeberg Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Langeberg Municipality includes the following areas:

Ashton
Bonnievale
McGregor
Montagu
Robertson

EXECUTIVE MAYOR

HM Jansen

DEPUTY EXECUTIVE MAYOR

GD Joubert

SPEAKER

SW van Eeden

CHIEF WHIP

N/a

MEMBERS OF THE EXECUTIVE COMMITTEE

Executive Mayor	<i>HM Jansen</i>
Deputy Executive Mayor	<i>GD Joubert</i>
Speaker	<i>SW van Eeden</i>
Chief Whip	<i>N/a</i>
Executive Councillor	<i>EMJ Scheffers</i>
	<i>JD Burger</i>
	<i>DB Janse</i>
	<i>SW Strauss</i>

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

B Brown

REGISTERED OFFICE

28 Main Road
Ashton
6715

AUDITORS

AGSA - Auditor-General of South Africa

PRINCIPLE BANKERS

ABSA; PO Box 4453; Tygervally; 7536

NN 2019-11-30



AUDITOR - GENERAL
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LANGEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

GENERAL INFORMATION

RELEVANT LEGISLATION

Basic Conditions of Employment Act (Act no 75 of 1997)
 Collective Agreements
 Division of Revenue Act
 Electricity Act (Act no 41 of 1987)
 Employment Equity Act (Act no 55 of 1998)
 Housing Act (Act no 107 of 1997)
 Infrastructure Grants
 Municipal Budget and Reporting Regulations
 Municipal Finance Management Act (Act no 56 of 2003)
 Municipal Planning and Performance Management Regulations
 Municipal Property Rates Act (Act no 6 of 2004)
 Municipal Regulations on Standard Chart of Accounts
 Municipal Structures Act (Act no 117 of 1998)
 Municipal Systems Act (Act no 32 of 2000)
 Municipal Systems Amendment Act (Act no 7 of 2011)
 SALBC Leave Regulations
 Skills Development Levies Act (Act no 9 of 1999)
 Supply Chain Management Regulations, 2005
 The Income Tax Act
 Unemployment Insurance Act (Act no 30 of 1966)
 Value Added Tax Act
 Water Services Act (Act no 108 of 1997)

MEMBERS OF THE LANGEBERG MUNICIPALITY

COUNCILLORS

WARD

Burger, J D	Member of Executive Mayoral Committee	DA	Ward 1
Shibili, A J	Member of Council	ANC	Ward 2
Hess, P	Member of Council and Section 79 Chair	DA	Ward 3
Januarie, J J S	Member of Council	ANC	Ward 4
Strauss, S W	Member of Executive Mayoral Committee	DA	Ward 5
Janse, D B	Member of Executive Mayoral Committee	DA	Ward 6
Kriel, J	Member of Council and Section 79 Chair	DA	Ward 7
Van Eeden, S W	Speaker	DA	Ward 8
Beginzel, N J	Member of Council and Section 79 Chair	DA	Ward 9
Nteta, BH	Member of Council	ANC	Ward 10
Van Zyl, J D F	Member of Council and Section 79 Chair	DA	Ward 11
Scheffers, E M J	Member of Executive Mayoral Committee	DA	Ward 12
Jansen, H M	Executive Mayor	DA	Proportional
Du Plessis, S	Member of Council	ICOSA	Proportional
Grootboom, C J	Member of Council	PDM	Proportional
Kuhn, D J W	Member of Council	COPE	Proportional
Mafilika, J S	Member of Council	ANC	Proportional
Swanepoel, L M	Member of Council and Section 79 Chair	EFF	Proportional
Van Der Merwe, T M	Member of Council	LIP	Proportional
Simpson, O C	Member of Council	ANC	Proportional
Mangenengene, H	Member of Council and Section 79 Chair	DA	Proportional
Joubert, G D	Deputy Executive Mayor	DA	Proportional
Bosjan, E	Member of Council	ANC	Proportional

(*) Disclosed on page 2 are members as at 30 June 2019, note 36 discloses all the members that served during the year under review.

NN 2019-11-30



AUDITOR - GENERAL
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LANGEBERG MUNICIPALITY

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2019, which are set out on pages 5 to 154 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

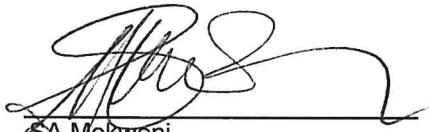
I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2019 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements were prepared on the going concern basis.


SA Mokweni
Municipal Manager

30/08/2019
Date

NN 2019-11-30



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LANGEBERG MUNICIPALITY
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	Restated 2018 R
ASSETS			
Non-Current Assets		743,584,157	672,778,037
Property, Plant and Equipment	2	713,324,189	642,817,544
Investment Property	3	28,345,034	28,485,321
Intangible Assets	4	574,890	592,105
Heritage Assets	5	275,448	260,000
Investments	6	113,289	126,641
Non-Current Receivables from Exchange Transactions	7	390,039	200,852
Non-Current Receivables from Non-Exchange Transactions	8	561,269	295,574
Current Assets		238,752,869	213,033,497
Inventory	10	25,809,676	14,410,500
Receivables from Exchange Transactions	11	45,833,068	39,576,172
Receivables from Non-exchange Transactions	12	10,216,301	6,579,174
Operating Lease Asset	9	97,015	102,156
Taxes	23	1,470,582	2,513,653
Current Portion of Non-Current Receivables	7,8	622,569	717,010
Cash and Cash Equivalents	13	154,703,659	149,134,832
Total Assets		982,337,025	885,811,534
NET ASSETS AND LIABILITIES			
Non-Current Liabilities		115,420,814	123,167,313
Long-term Borrowings	14	12,209,550	13,465,763
Non-current Provisions	15	44,960,495	49,506,065
Non-current Employee Benefits	16	58,250,768	60,195,485
Current Liabilities		128,161,732	122,944,876
Consumer Deposits	17	12,214,563	11,086,873
Provisions	18	15,327,335	11,470,625
Current Employee Benefits	19	19,387,364	17,754,544
Trade and Other Payables from Exchange Transactions	20	70,617,902	64,462,559
Unspent Transfers and Subsidies	21	7,415,488	13,653,475
Unspent Public Contributions	22	-	-
Current Portion of Long-term Borrowings	14	3,199,081	4,516,800
Total Liabilities		243,582,546	246,112,189
Net Assets		738,754,478	639,699,346
Capital Replacement Reserve	25	62,921,000	56,421,002
Accumulated Surplus/(Deficit)		675,833,478	583,278,343
Total Net Assets and Liabilities		982,337,025	885,811,534

NN 2019-11-30



AUDITOR - GENERAL
SOUTH AFRICA

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	Restated 2018 R
REVENUE			
Revenue from Non-exchange Transactions		230,683,883	182,307,323
Taxation Revenue		52,679,495	46,521,253
Property Rates	26	52,679,495	46,521,253
Transfer Revenue		159,636,211	124,037,647
Government Grants and Subsidies - Capital	27	56,306,600	24,144,506
Government Grants and Subsidies - Operating	27	103,329,611	99,852,701
Contributed Property, Plant and Equipment	28	-	40,439
Other Revenue		18,368,177	11,748,423
Actuarial Gains	16	9,772,402	4,348,861
Dividends	6	2,660	3,395
Fines, Penalties and Forfeits		5,476,744	4,529,280
Interest Earned - Non-exchange Transactions	33	558,892	464,514
Availability fees		2,557,480	2,402,373
Revenue from Exchange Transactions		500,290,175	439,393,472
Service Charges	29	453,722,561	398,851,451
Sales of Goods and Rendering of Services	30	15,749,511	16,203,184
Rental from Fixed Assets	31	3,163,208	2,887,897
Interest Earned - External Investments	32	13,098,597	10,773,393
Interest Earned - Exchange Transactions	33	2,177,347	2,143,978
Licences and Permits		1,453,966	940,255
Agency Services		4,144,683	3,929,797
Operational Revenue	34	6,780,302	3,663,517
Total Revenue		730,974,058	621,700,795
EXPENDITURE			
Employee related costs	35	186,765,088	172,604,491
Remuneration of Councillors	36	10,537,992	10,221,977
Bad Debts Written Off	37	18,669,283	9,102,701
Contracted Services	38	23,462,325	21,483,221
Depreciation and Amortisation	39	25,054,379	25,485,988
Actuarial Losses	16	2,615,533	335,235
Finance Charges	40	11,295,649	11,624,298
Bulk Purchases	41	292,999,544	266,192,795
Inventory Consumed	10	18,176,815	66,436,070
Transfers and Subsidies	42	1,765,021	1,819,542
Operational Costs	43	39,152,797	34,152,741
Total Expenditure		630,494,425	619,459,061
Operating Surplus/(Deficit) for the Year		100,479,633	2,241,734
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	10	30,438	(304,545)
Reversal of Impairment Loss/(Impairment Loss) on Receivables	44	(2,853,528)	294,800
Gains/(Loss) on disposal of Property, Plant and Equipment		1,483,255	7,870,298
Reversal of Impairment Loss/(Impairment Loss) on Assets	45	(71,313)	(67,460)
Profit/(Loss) on Fair Value Adjustments	46	(13,353)	3,821
NET SURPLUS/(DEFICIT) FOR THE YEAR		99,055,133	10,038,647



LANGEBERG MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019

	Capital Replacement Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 1 July 2017	31,353,026	598,315,184	629,668,210
Correction of Error - note 48.23	-	(7,512)	(7,512)
Restated balance	31,353,026	598,307,672	629,660,697
Net Surplus/(Deficit) for the year	-	10,038,648	10,038,648
Net Surplus/(Deficit) previously reported	-	11,341,382	11,341,382
Effects of Correction of Errors	-	(1,302,733)	(1,302,733)
Transfer to/from CRR	46,094,000	(46,094,000)	-
Property, Plant and Equipment purchased	(21,026,023)	21,026,023	-
Balance at 30 June 2018	56,421,002	583,278,343	639,699,346
Net Surplus/(Deficit) for the year	-	99,055,133	99,055,133
Transfer to/from CRR	37,522,722	(37,522,722)	-
Property, Plant and Equipment purchased	(31,022,724)	31,022,724	-
Balance at 30 June 2019	62,921,000	675,833,478	738,754,478

NN 2019-11-30



AUDITOR - GENERAL
SOUTH AFRICA

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

		2019	Restated 2018
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		46,891,034	39,357,635
Service Charges		435,279,223	405,546,874
Other Revenue		29,015,870	33,631,286
Government - Operating		97,151,624	103,375,486
Government - Capital		56,306,600	31,200,000
Interest		13,098,597	10,773,393
Dividends		2,660	3,395
Cash payments			
Suppliers and Employees		(573,006,057)	(543,957,019)
Finance Charges		(1,658,073)	(2,258,308)
Transfers and Grants		(1,765,021)	(1,819,542)
Net Cash from Operating Activities	49	101,316,457	75,853,199
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(93,907,109)	(45,698,805)
Proceeds on Disposal of Fixed Assets		2,133,456	8,391,800
Purchase of Investment Properties		(201,841)	-
Purchase of Intangible Assets		(112,000)	(508,690)
Purchase of Heritage Assets		(15,448)	-
Net Cash from Investing Activities		(92,102,941)	(37,815,696)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowing - Long term/Refinancing		-	-
Increase/(Decrease) in Consumer Deposits		1,127,690	1,118,595
Repayment of Borrowing		(4,772,378)	(5,125,906)
Net Cash from Financing Activities		(3,644,688)	(4,007,311)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,568,828	34,030,193
Cash and Cash Equivalents at the beginning of the year		149,134,832	115,104,639
Cash and Cash Equivalents at the end of the year	50	154,703,659	149,134,832
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		5,568,828	34,030,193



LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2019

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance Actual Outcome vs Final Budget	Variance as % of Final Budget	Explanations for material variances
	R	R	R	R	R	2019 R		%	
ASSETS									
Current Assets									
Cash	11,468,800	(8,943,909)	2,524,891		2,524,891	24,652,605	22,127,714	876.38%	Increase in cash flow from operation which resulted in a higher than anticipated cash balance.
Call Investment Deposits	70,000,000	46,648,761	116,648,761		116,648,761	130,051,054	13,402,293	11.49%	Improved cash flow management to maximise interest on investments.
Consumer Debtors	35,577,200	(1,451,165)	34,126,035		34,126,035	45,833,068	11,707,033	34.31%	Increase in sales resulted in higher than anticipated consumer debtors.
Other Debtors	34,041,190	(17,714,116)	16,327,074		16,327,074	11,783,897	(4,543,177)	-27.83%	
Current Portion of long-term receivables	687,190	29,820	717,010		717,010	622,569	(94,441)	-13.17%	
Inventory	54,670,250	(30,677,480)	23,992,770		23,992,770	25,809,676	1,816,906	7.57%	
Total Current Assets	206,444,630	(12,108,089)	194,336,541	-	194,336,541	238,752,869	44,416,328	22.86%	
Non-Current Assets									
Long-term Receivables	602,700	3,393,730	3,996,430		3,996,430	951,308	(3,045,122)	-76.20%	
Investments	125,000	-	125,000		125,000	113,289	(11,711)	-9.37%	
Investment Property	26,855,320	(10,740)	26,844,580		26,844,580	28,345,034	1,500,454	5.59%	
Property, Plant and Equipment	691,980,441	19,465,120	711,445,561		711,445,561	713,324,189	1,878,628	0.26%	
Intangible Assets	4,060,360	(3,359,205)	701,155		701,155	574,890	(126,265)	-18.01%	
Other Non-Current Assets	5,260,000	(5,000,000)	260,000		260,000	275,448	15,448	5.94%	
Total Non-Current Assets	728,883,821	14,488,905	743,372,726	-	743,372,726	743,584,156	211,430	0.03%	
TOTAL ASSETS	935,328,451	2,380,816	937,709,267	-	937,709,267	982,337,025	44,627,758	4.76%	
LIABILITIES									
Current Liabilities									
Bank Overdraft	-	-	-		-	-	-	-	
Borrowing	3,683,820	(662,760)	3,021,060		3,021,060	3,199,081	178,021	5.89%	
Consumer Deposits	11,094,690	657,390	11,752,080		11,752,080	12,214,563	462,483	3.94%	
Trade and Other Payables	94,765,900	(22,485,283)	72,280,617		72,280,617	78,033,390	5,752,773	7.96%	
Provisions	22,398,320	9,990,430	32,388,750		32,388,750	34,714,699	2,325,949	7.18%	
Total Current Liabilities	131,942,730	(12,500,223)	119,442,507	-	119,442,507	128,161,732	8,719,225	7.30%	
Non-Current Liabilities									
Borrowing	30,839,570	(9,048,323)	21,791,247		21,791,247	12,209,550	(9,581,697)	-43.97%	The first tranche of the loan was only received in July 2019.
Provisions	125,354,090	(9,067,460)	116,286,630		116,286,630	103,211,264	(13,075,366)	-11.24%	Actuarial gain realised on the PEMA.
Total Non-Current Liabilities	156,193,660	(18,115,783)	138,077,877	-	138,077,877	115,420,814	(22,657,063)	-16.41%	
TOTAL LIABILITIES	288,136,390	(30,616,006)	257,520,384	-	257,520,384	243,582,546	(13,937,838)	-5.41%	
NET ASSETS									
Accumulated Surplus/(Deficit)	619,192,040	(1,924,157)	617,267,883		617,267,883	675,833,478	58,565,596	9.49%	
Reserves	28,000,000	34,921,000	62,921,000		62,921,000	62,921,000	-	0.00%	
TOTAL NET ASSETS	647,192,040	32,996,843	680,188,883	-	680,188,883	738,754,478	58,565,596	8.61%	

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LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance Actual Outcome vs Final Budget	Variance as % of Final Budget	Explanations for material variances
	R	R	R	R	R	2019 R		%	
REVENUE									
Property Rates	52,862,690	-	52,862,690		52,862,690	52,679,495	(183,195)	-0.35%	
Service Charges	460,782,550	-	460,782,550		460,782,550	456,280,040	(4,502,510)	-0.98%	Increase in electricity sales.
Rental of Facilities and Equipment	4,748,100	-	4,748,100		4,748,100	3,163,208	(1,584,892)	-33.38%	
Interest Earned - External Investments	7,712,110	-	7,712,110		7,712,110	13,098,597	5,386,487	69.84%	
Interest Earned - Outstanding Debtors	2,668,120	13,450	2,681,570		2,681,570	2,736,239	54,669	2.04%	
Dividends Received	-	-	-		-	2,660	2,660	100.00%	
Fines	10,317,280	(4,905,814)	5,411,466		5,411,466	5,476,744	65,278	1.21%	
Licences and Permits	1,327,530	-	1,327,530		1,327,530	1,453,966	126,436	9.52%	
Agency Services	5,680,100	-	5,680,100		5,680,100	4,144,683	(1,535,417)	-27.03%	
Transfers Recognised - Operational	102,256,000	9,011,829	111,267,829		111,267,829	103,329,611	(7,938,218)	-7.13%	Expenditure out of grants realised lower than expected.
Other Revenue	13,615,910	(13,450)	13,602,460		13,602,460	32,332,653	18,730,193	137.70%	Reversal of contribution to provision, actuarial gain on PEMA.
Gains on Disposal of PPE	1,394,740	-	1,394,740		1,394,740	1,483,255	88,515	6.35%	
Total Revenue (excluding capital transfers and contributions)	663,365,130	4,106,015	667,471,145	-	667,471,145	676,181,151	8,710,006	1.30%	
EXPENDITURE									
Employee Related Costs	201,198,530	(12,171,541)	189,026,989		189,026,989	186,765,088	(2,261,901)	-1.20%	
Remuneration of Councillors	10,871,240	(299,842)	10,571,398		10,571,398	10,537,992	(33,406)	-0.32%	
Debt Impairment	14,425,630	(4,660,096)	9,765,534		9,765,534	2,853,528	(6,912,006)	-70.78%	The allowance for debt impairment realised lower than anticipated.
Depreciation and Asset Impairment	29,194,390	(1,207,700)	27,986,690		27,986,690	25,054,379	(2,932,311)	-10.48%	
Finance Charges	13,227,600	(1,702,942)	11,524,658		11,524,658	11,295,649	(229,009)	-1.99%	
Bulk Purchases	289,862,540	-	289,862,540		289,862,540	292,999,544	3,137,004	1.08%	
Other Materials	22,638,750	994,843	23,633,593	10,000	23,643,593	18,176,815	(5,466,778)	-23.12%	
Contracted Services	41,860,670	10,934,487	52,795,157	13,540	52,808,697	23,462,325	(29,346,372)	-55.57%	Repairs and maintenance unpacked and classified according to its nature.
Transfers and Grants	7,983,140	279,910	8,263,050		8,263,050	1,765,021	(6,498,029)	-78.64%	Transfers realised lower than expected.
Other Expenditure	48,182,400	14,035,063	62,217,463	(23,540)	62,193,923	60,522,278	(1,671,645)	-2.69%	
Loss on Disposal of PPE	577,980	-	577,980		577,980	-	(577,980)	-100.00%	
Total Expenditure	680,022,870	6,202,182	686,225,052	-	686,225,052	633,432,618	(52,792,434)	-7.69%	
Surplus/(Deficit)	(16,657,740)	(2,096,167)	(18,753,907)	-	(18,753,907)	42,748,533		0.00%	
Transfers Recognised - Capital	29,743,040	28,190,150	57,933,190		57,933,190	56,306,600	(1,626,590)	-2.81%	
Contributions Recognised - Capital	-	-	-		-	-	-		
Contributed Assets	-	-	-		-	-	-		
Surplus/(Deficit) after Capital Transfers & Contributions	13,085,300	26,093,983	39,179,283	-	39,179,283	99,055,133	(1,626,590)	-4.15%	
Taxation	-	-	-		-	-	-		
Surplus/(Deficit) after Taxation	13,085,300	26,093,983	39,179,283	-	39,179,283	99,055,133	(1,626,590)	-4.15%	
Attributable to Minorities	-	-	-		-	-	-		
Surplus/(Deficit) Attributable to Municipality	13,085,300	26,093,983	39,179,283	-	39,179,283	99,055,133	59,875,850	152.83%	
Share of Surplus/(Deficit) of Associate	-	-	-		-	-	-		
Surplus/(Deficit) for the year	13,085,300	26,093,983	39,179,283	-	39,179,283	99,055,133	59,875,850	152.83%	

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LANEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Variance Actual Outcome vs Final Budget	Variance as % of Final Budget	Explanations for material variances
	R	R	R	R	R	2019 R		%	
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Taxation	51,805,436	-	51,805,436		51,805,436	46,891,034	(4,914,402)	-9.49%	
Service Charges	451,566,899	-	451,566,899		451,566,899	435,279,223	(16,287,676)	-3.61%	Actual cash received from service charges lower than expected.
Other Revenue	29,954,793	(3,569,437)	26,385,356		26,385,356	29,015,870	2,630,514	9.97%	
Government - Operating	102,256,000	5,677,053	107,933,053		107,933,053	97,151,624	(10,781,429)	-9.99%	Allocation of grants between operational and capital.
Government - Capital	29,743,040	18,138,947	47,881,987		47,881,987	56,306,600	8,424,613	17.59%	Allocation of grants between operational and capital.
Interest	10,326,868	13,181	10,340,049		10,340,049	13,098,597	2,758,548	26.68%	
Payments									
Suppliers and Employees	(606,964,597)	(5,759,073)	(612,723,670)		(612,723,670)	(573,006,057)	(39,717,613)	6.48%	Actual payments to suppliers and employees realised lower than expected.
Finance costs	(13,227,600)	1,702,942	(11,524,658)		(11,524,658)	(1,658,073)	(9,866,585)	85.61%	The first tranche of the loan was only received in July 2019.
Transfers and Grants	(7,983,140)	(287,250)	(8,270,390)		(8,270,390)	(1,765,021)	(6,505,369)	78.66%	Transfers realised lower than expected.
Net Cash from/(used) Operating Activities	47,477,700	15,916,363	63,394,062	-	63,394,062	101,316,457	(74,256,739)	59.82%	
CASH FLOW FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	816,760	-	816,760		816,760	2,133,456	1,316,696	161.21%	
Decrease/(Increase) in Non-Current Debtors	-	-	-		-	-	-	-	
Decrease/(Increase) in Other Non-Current Receivables	-	(3,500,000)	(3,500,000)		(3,500,000)	-	(3,500,000)	-100.00%	
Decrease/(Increase) in Non-Current Investments	(2,179)	2,179	-		-	-	-	-	
Payments									
Capital Assets	(88,111,480)	(10,055,478)	(98,166,958)		(98,166,958)	(94,236,397)	(3,930,562)	-4.00%	
Net Cash from/(used) Investing Activities	(87,296,899)	(13,553,299)	(100,850,198)	-	(100,850,198)	(92,102,941)	(6,113,866)	-6.06%	
CASH FLOW FROM FINANCING ACTIVITIES									
Receipts									
Short Term Loans	-	-	-		-	-	-	-	
Borrowing long term/refinancing	20,537,497	(12,212,010)	8,325,487		8,325,487	-	(8,325,487)	100.00%	The first tranche of the loan was only received in July 2019.
Increase/(Decrease) in Consumer Deposits	628,002	37,208	665,210		665,210	1,127,690	462,480	-69.52%	
Payments									
Repayment of Borrowing	(4,764,487)	3,268,747	(1,495,740)		(1,495,740)	(4,772,378)	3,276,638	219.06%	
Net Cash from/(used) Financing Activities	16,401,012	(8,906,055)	7,494,957	-	7,494,957	(3,644,688)	(4,586,369)	-61.19%	
NET INCREASE/(DECREASE) IN CASH HELD	(23,418,188)	(6,542,991)	(29,961,179)	-	(29,961,179)	5,568,828	35,530,007	118.59%	
Cash and Cash Equivalents at the year begin:	104,886,989	44,247,841	149,134,830		149,134,830	149,134,832	2	0.00%	
Cash and Cash Equivalents at the year end:	81,468,801	37,704,850	119,173,651	-	119,173,651	154,703,660	35,530,009	29.81%	

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1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the annual financial statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

The Municipal Regulations on Standard Chart of Accounts (mSCOA) came into effect on 1 July 2017. The mSCOA Charts are updated annually by National Treasury. The municipality has realigned items in the financial statements with the Item Segment of mSCOA Version 6.2, on which the municipality was required to transact for periods after 1 July 2018. The result of this process was a reclassification and naming of items

in the annual financial statements. The reclassification of 2018 audited amounts is set out in note 53 of the annual financial statements.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Notes to the Financial Statements.

Explanations for material differences between the final budget amounts and actual amounts are included the notes to the annual financial statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

GRAP 18 Segment Reporting is effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2017/18 financial year and municipalities are not required to apply or early adopt GRAP 18. The implementation date of GRAP 18 is 1 April 2020.

The following GRAP standards and Interpretations of the Standards of GRAP have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 20 (Original – Jun 2011)	<u>Related Party Disclosure</u> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus	1 April 2019

LANGE BERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt some of the disclosure requirements as per GRAP 20. Additional disclosure will be required with the full implementation of the Standard.	
GRAP 32 (Original – Aug 2013)	<u>Service Concession Arrangements: Grantor</u> The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2019
GRAP 34 (Revised – April 2019)	<u>Separate Financial Statements</u> The objective of this Standards is to prescribe the accounting and disclosure requirements in controlled entities, joint ventures and associates when an entity prepares separate financial statements. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 35 (Revised – April 2019)	<u>Consolidated Financial Statements</u> The objective of this Standard is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 36 (Revised – April 2019)	<u>Investments in Associates and Joint Ventures</u> The objective of this Standard is to prescribe the accounting for investments in associates and joint ventures and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	Unknown

LANGE BERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	No significant impact expected as no such transactions or events are expected in the foreseeable future.	
GRAP 37 (Revised – April 2019)	<u>Joint Arrangements</u> The objective of this Standard is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements). No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 38 (Revised - April 2019)	<u>Disclosure of Interest in Other Entities</u> The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate: a) the nature of, and risks associated with, its interest in controlled entities unconsolidated controlled entities, joint arrangements and associates, and structure entities that are not consolidated; and b) the effects of those interests on its financial position, financial performance and cash flows. No significant impact expected as no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 104 (Revised – April 2019)	<u>Financial Instruments</u> The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 108 (Original – Sept 2013)	<u>Statutory Receivables</u> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.	1 April 2019

LANGE BERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	
GRAP 109	<u>Accounting by Principles and Agents</u> The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	1 April 2019
GRAP 110	<u>Living and non-living resources</u> The objective of this Standard is to prescribe the recognition, measurement, presentation and disclosure requirements for living resources; and disclosure requirements for non-living resources. No significant impact expected as no such transactions or events are expected in the foreseeable future.	1 April 2020
IGRAP 17	<u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u> The Interpretation provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	Unknown
IGRAP 18	<u>Recognition and Derecognition of Land</u> The Interpretation provide guidance on when an entity should recognise and derecognise land as an asset in its financial statements.	1 April 2019

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.	
IGRAP 19	<u>Liabilities to Pay Levies</u> The Interpretation provides guidance on the accounting for levies in the financial statements of the entity that is paying the levy. It clarifies when entities need to recognise a liability to pay a levy that is accounted for in accordance with GRAP 19. No significant impact is expected as the Municipality's current treatment is already in line with the Interpretation.	1 April 2019

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing

agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses

the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable

is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants

are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;

- the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.16. EMPLOYEE BENEFITS

(a) Pension and Retirement Fund Obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

The Municipality operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The interest cost of the defined benefit obligation is recognised as finance cost in the Statement of Financial Performance, as it meets the definition of Interest Cost in GRAP 25. The liability was calculated by means of the projected unit

credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as finance cost upon valuation, as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(e) Ex-Gratia Pension Benefits

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as financial cost upon valuation as it meets the definition of Interest Cost in GRAP 25. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(f) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(g) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrues to Section 57 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and

equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	1-15
		Quarries	25

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

<u>Community</u>	Computer equipment	2-20
Buildings	1-105	
Recreational Facilities	7-100	
Security	5	
Halls	1-105	
Libraries	1-100	
Parks and gardens	1-100	
Other assets	7-100	
<u>Finance lease assets</u>		
Office equipment	2-22	
Other assets	2-22	

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential

expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings, the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute),

regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised

over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight-line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-7
Computer Software Licenses	2-7

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset

is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange

transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Where an asset is acquired through a non-exchange transaction, any transaction cost incurred are recognised as part of the cost of the asset.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at

each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	1-100

Changes to the useful life of assets are reviewed if there is an indication that a change may have occurred in the estimated useful life. If the expectation differs from the previous estimates, the change is accounted for in accordance with GRAP 3 either prospectively as a change in the accounting policy or retrospectively as a prior period error depending on the specific circumstances.

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.21. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.22. HERITAGE ASSETS

1.22.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.22.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.22.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.22.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.22.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.23. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.23.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- (a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;

- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset

is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.23.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;
- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement

cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service

potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.25. NON-CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.26. INVENTORIES

1.26.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.26.2. Subsequent Measurement

Inventories, consisting of consumable stores, finished goods, housing stock, land, materials and supplies, water and work-in-progress, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction

in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method or first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.27. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.27.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.27.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.27.2.1. Receivables

Receivables are classified as financial assets at amortised cost and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest

income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.27.3. De-recognition

1.27.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and

rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.27.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-

recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.27.4. Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.28. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.28.1. Initial Recognition

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.28.2. Subsequent Measurement

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk-free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.28.3. Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the

receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to

exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

- i. derecognise the receivable; and
- ii. recognise separately any rights and obligations created or retained in the transfer.

1.29. REVENUE

1.29.1. *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition, the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are

recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised by the Municipality when the receivable meets the definition of an asset. All unpaid receivables relating to traffic fines as at 30 June 2018 was written off in the 2018/2019 financial year.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by the law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

Services in-kind that are significant to the Municipality's operations are recognised as assets and the related revenue when:

- it is probable that the future economic benefits or service potential will flow to the Municipality; and
- the fair value of the assets can be measured reliably.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the above-mentioned criteria, the Municipality only disclose the nature and type of services in-kind received during the reporting period. When the criteria for recognition is satisfied, services in-kind are measured on initial recognition at their fair value as at the date of acquisition. Services in-kind include

services provided by individuals to the Municipality and the right to use assets in a non-exchange transaction. These services meet the definition of an asset, because the Municipality controls the resource from which future economic benefits or service potential is expected to flow to the Municipality. The assets are immediately consumed and a transaction of equal value is also recognised to reflect the consumption of these services in-kind, resulting in a decrease of the asset and an increase in an expense. The Municipality therefore recognises an expense and related revenue for the consumption of services in-kind.

1.29.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does

not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the

invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property, a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage

connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.31. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute),

regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and

- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.32. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

(a) A person or a close member of that person's family is related to the Municipality if that person:

- has control or joint control over the Municipality.
- has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
- is a member of the management of the Municipality or its controlling entity.

(b) An entity is related to the Municipality if any of the following conditions apply:

- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the

reporting entity is itself such a plan, the sponsoring employers are related to the entity.

- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as “Key Management”) includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.33. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.34. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention

of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.35. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.36. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measures with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.37. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations, Long service awards and Ex gratia gratuities

The cost of post-retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 17 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital

funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciated replacement cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the best estimate **or** net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 10 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.38. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.39. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.40. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.41. TAXATION

1.40.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

1.40.2 Deferred tax assets and liabilities

Deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

1.40.3 Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus/deficit for the period.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

13 PROPERTY, PLANT AND EQUIPMENT
2 PROPERTY, PLANT AND EQUIPMENT

2.1 30 JUNE 2019

Reconciliation of Carrying Value	Cost														Accumulated Depreciation and Impairment Losses										Carrying Value
	Opening Balance Original Cost R	Opening Balance Residual Values R	Opening Balance WIP R	Adjustments Original Cost R	Adjustments Residual Values R	Restated Opening Balance Original Cost R	Restated Opening Residual Value R	Additions Original Cost R	Additions Residual Values R	Disposals / Transfer Original Cost R	Disposals / Transfer Residual Values R	WIP Adjustments (incl WIP additions)	Adjustments	Closing Balance Cost R	Accumulated Depreciation Opening Balance R	Accumulated Impairments Opening Balance R	Adjustments R	Depreciation R	Disposals / Transfer Depreciation R	Impairments	Disposals / Transfer Impairment	Adjustments Impairment R	Accumulated Depreciation Closing Balance R	Accumulated Impairments Closing Balance R	
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	632,285,839	1	11,049,051	-	-	643,334,890	1	60,139,244	1	-	-	10,307,615	2,006,995	715,788,746	185,435,028	12,847,596	-	16,385,712	-	-	-	-	201,820,740	12,847,596	501,120,409
Electricity	138,863,110	-	280,300	-	-	139,143,410	-	3,740,889	-	-	-	9,093,700	-	151,977,999	44,181,528	-	3,438,625	-	-	-	-	-	47,620,153	-	104,357,846
Capitalised Restoration Cost	54,325,758	-	-	-	-	54,325,758	-	-	-	-	-	-	1,067,006	55,392,763	35,342,621	12,798,348	-	160,513	-	-	-	-	35,503,133	12,798,348	7,091,282
Roads	124,293,610	-	2,843,512	-	-	127,137,123	-	11,897,848	-	-	-	9,138,003	-	148,172,774	42,694,612	-	3,433,959	-	-	-	-	-	46,038,571	-	102,134,203
Sewerage	93,032,618	-	943,288	-	-	93,975,906	-	19,491,653	-	-	-	-	-	112,524,571	21,418,874	-	3,325,293	-	-	-	-	-	24,744,157	-	87,780,114
Waste Management	26,345,683	-	-	-	-	26,345,683	-	131,900	-	-	-	1,150	-	26,478,733	3,900,867	49,248	1,074,009	-	-	-	-	-	4,974,876	49,248	21,454,608
Water	163,407,766	1	6,981,950	-	-	170,389,717	1	12,121,558	-	-	-	(6,981,950)	-	175,529,327	32,643,602	-	4,032,017	-	-	-	-	-	36,675,619	-	138,853,708
Storm Water	27,205,927	-	-	-	-	27,205,927	-	12,755,596	-	-	-	-	-	39,961,523	5,342,924	-	921,306	-	-	-	-	-	6,264,230	-	33,697,293
Capital Spares Electricity	4,548,130	-	-	-	-	4,548,130	-	-	-	-	-	-	-	997,310	5,515,441	-	-	-	-	-	-	-	-	-	5,515,441
Capital Spares Water	263,237	-	-	-	-	263,237	-	-	-	-	-	-	-	(27,321)	235,916	-	-	-	-	-	-	-	-	-	235,916
Community Assets	113,081,986	-	2,367,157	-	-	115,449,143	-	15,577,849	-	(479,000)	-	(2,074,844)	(561,000)	127,912,148	23,385,959	200,000	-	1,852,998	(75,811)	9,802	-	(200,000)	25,163,145	9,802	102,739,201
Artfield	19,434	-	-	-	-	19,434	-	-	-	-	-	-	-	19,434	19,419	-	-	7	-	-	-	-	19,426	-	8
Cemeteries	2,777,496	-	-	-	-	2,777,496	-	-	-	-	-	-	-	2,777,496	1,342,791	-	-	77,920	-	-	-	-	1,420,720	-	1,356,776
Clinics	1,066,000	-	-	-	-	1,066,000	-	-	-	-	-	-	-	1,066,000	324,705	-	-	44,863	-	-	-	-	369,568	-	696,432
Community halls	16,170,174	-	-	-	-	16,170,174	-	840,300	-	-	-	-	-	17,010,474	3,533,764	-	-	207,403	-	-	-	-	3,741,168	-	13,269,306
Fire, safety & emergency	1,078,870	-	-	-	-	1,078,870	-	-	-	-	-	-	-	1,078,870	475,417	-	-	45,646	-	-	-	-	521,062	-	557,808
Libraries	17,363,882	-	-	-	-	17,363,882	-	-	-	-	-	-	-	17,363,882	4,331,439	-	-	454,288	-	-	-	-	4,785,727	-	12,578,155
Museums & Art Galleries	433,000	-	-	-	-	433,000	-	-	-	-	-	-	-	433,000	81,825	-	-	4,305	-	-	-	-	86,130	-	346,870
Other	40,963,749	-	-	-	-	40,963,749	-	-	-	(139,000)	-	-	(466,000)	40,368,749	3,042,947	200,000	-	412,492	(26,440)	-	(200,000)	-	3,428,999	-	36,929,750
Parks & Gardens	12,703,152	-	-	-	-	12,703,152	-	16,796	-	-	-	-	(95,000)	12,624,948	2,331,887	-	-	140,439	-	-	-	-	2,472,327	-	10,152,621
Recreation facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport fields & stadiums	19,679,667	-	2,367,157	-	-	22,046,824	-	14,720,753	-	(340,000)	-	(2,074,844)	-	34,352,732	7,386,746	-	-	438,728	(49,371)	9,802	-	-	7,776,104	9,802	26,569,836
Swimming pools	826,564	-	-	-	-	826,564	-	-	-	-	-	-	-	826,564	515,018	-	-	26,697	-	-	-	-	541,914	-	284,649
Leased Assets	1,501,426	-	-	-	-	1,501,426	-	2,139,840	-	-	-	-	-	3,641,266	757,647	-	-	387,489	-	3,347	-	-	1,145,136	3,347	2,492,784
Office Equipment (Lease)	1,501,426	-	-	-	-	1,501,426	-	2,139,840	-	-	-	-	-	3,641,266	757,647	-	-	387,489	-	3,347	-	-	1,145,136	3,347	2,492,784
Other Assets	142,575,242	12,718,848	1,902,913	-	-	144,478,155	12,718,848	10,083,632	830,562	(1,113,649)	2	(1,902,913)	(668,500)	164,426,137	51,485,055	553,340	-	6,248,391	(890,609)	58,165	-	-	56,842,837	611,505	106,971,795
Computer hardware/equipment	15,805,994	13	-	-	-	15,805,994	13	642,134	-	(8,567)	1	-	-	16,439,575	7,632,234	22,241	-	1,201,429	(7,725)	15,404	-	-	8,825,937	37,645	7,575,993
Furniture & office equipment	9,488,527	58,267	-	-	-	9,488,527	58,267	547,266	-	(813,931)	-	-	-	9,280,128	5,510,496	7,547	-	717,812	(813,099)	15,335	-	-	5,415,210	22,882	3,842,037
General Vehicles	33,300,628	11,138,397	-	-	-	33,300,628	11,138,397	3,059,018	830,562	(78,939)	-	-	-	48,249,666	17,090,926	-	-	2,332,792	(69,389)	10,910	-	-	19,354,328	10,910	28,884,428
Other	4,811,746	-	-	-	-	4,811,746	-	-	-	(130,000)	-	-	(668,500)	4,013,246	349,345	-	-	19,545	-	-	-	-	368,890	-	3,644,356
Other Buildings	55,620,399	1	1,902,913	-	-	58,523,312	1	2,997,655	-	(81,611)	-	(1,902,913)	-	59,536,444	8,214,365	511,737	-	601,590	-	-	-	-	8,815,975	511,737	50,208,733
Specialised Vehicles	4,510,278	1,028,039	-	-	-	4,510,278	1,028,039	-	-	-	-	-	-	5,538,317	2,762,336	-	-	225,366	-	-	-	-	2,987,702	-	2,550,615
Plant & Equipment	18,037,670	494,132	-	-	-	18,037,670	494,132	2,837,559	-	(601)	1	-	-	21,368,760	9,925,334	11,815	-	1,149,858	(396)	16,516	-	-	11,074,796	28,331	10,265,633
	889,444,493	12,718,848	15,319,121	-	-	904,763,614	12,718,848	87,940,566	830,563	(1,592,649)	2	6,329,857	777,495	1,811,768,296	261,063,688	13,600,936	-	24,874,590	(966,420)	71,313	-	(200,000)	284,971,858	13,472,249	713,324,189

* Please refer to note 48.1 for Prior period errors relating to Property, Plant and Equipment.

2 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

2.2 30 JUNE 2018

Reconciliation of Carrying Value	Cost											Accumulated Depreciation and Impairment Losses													Carrying Value
	Opening Balance Depreciable Amount	Opening Balance Residual Values	Opening Balance WIP	Adjustments Original Cost	Restated Opening Balance Depreciable Amount	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	WIP Adjustments (incl WIP additions)	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer Depreciation	Impairments	Disposals / Transfer Impairment	Adjustments Impairment/ Depreciation	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Land	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Work in Progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Infrastructure	585,380,075	2	16,257,199	6,519,356	608,156,539	2	38,182,747	-	(114,377)	(1)	(5,208,658)	2,338,038	643,334,891	187,290,274	13,413,071	(594,083)	15,625,970	(40,481)	49,248	-	2,538,607	185,435,029	12,847,596	445,052,266	
Electricity	131,374,503	-	2,499,774	-	133,874,277	-	7,488,607	-	-	-	(2,219,474)	-	139,143,410	40,773,108	-	-	3,408,420	-	-	-	-	44,181,528	-	94,961,881	
Capitalised Restoration Cost	50,124,537	-	-	4,201,221	54,325,758	-	-	-	-	-	-	-	54,325,758	32,184,780	13,392,431	(594,083)	598,594	-	-	2,559,247	-	35,342,521	12,798,348	6,184,789	
Roads	1,419,338	-	1,419,358	2,318,134	125,380,831	-	332,138	-	-	-	1,424,164	-	127,137,123	39,117,948	-	-	3,486,864	-	-	-	-	42,604,812	-	84,532,511	
Sewerage	89,660,996	1	3,988,100	-	93,629,096	1	3,428,742	-	(57,119)	(1)	(3,024,812)	-	93,975,906	18,641,313	-	-	27,927,921	(20,360)	-	-	-	21,418,874	-	72,957,033	
Waste Management	26,348,983	-	-	-	26,348,983	-	-	-	(3,300)	-	-	-	26,348,983	2,838,770	-	-	1,073,248	(3,152)	49,248	-	-	3,900,867	49,248	22,956,568	
Water	136,802,400	1	8,369,877	-	145,172,276	1	26,659,325	-	(53,558)	-	(1,387,528)	-	170,389,718	28,957,876	-	-	3,652,076	(16,950)	-	(20,640)	-	32,643,603	-	137,746,115	
Storm Water	26,931,980	-	-	-	26,931,980	-	273,936	-	-	-	-	-	27,205,927	4,774,678	-	-	568,246	-	-	-	-	5,342,924	-	21,863,002	
Capital Spares Electricity	2,092,595	-	-	-	2,092,595	-	-	-	-	-	-	2,455,036	4,548,130	-	-	-	-	-	-	-	-	-	-	4,548,130	
Capital Spares Water	380,734	-	-	-	380,734	-	-	-	-	-	-	(117,467)	263,237	-	-	-	-	-	-	-	-	-	-	263,237	
Community Assets	112,196,809	-	596,647	1,009,258	113,802,713	-	660,062	-	(194,142)	-	1,770,510	-	116,128,143	21,365,730	200,000	-	2,094,792	(14,176)	-	-	-	23,386,296	200,000	92,542,887	
Airfield	19,434	-	-	-	19,434	-	-	-	-	-	-	-	19,434	19,062	-	-	367	-	-	-	-	19,419	-	15	
Cemeteries	2,777,496	-	-	-	2,777,496	-	-	-	-	-	-	-	2,777,496	1,280,466	-	-	82,325	-	-	-	-	1,342,792	-	1,434,704	
Clinics	1,066,000	-	-	-	1,066,000	-	-	-	-	-	-	-	1,066,000	279,843	-	-	44,863	-	-	-	-	324,705	-	741,295	
Community halls	15,843,454	-	-	-	15,843,454	-	339,866	-	(12,946)	-	-	-	16,176,174	3,318,728	-	-	277,036	-	-	-	-	3,593,764	-	12,636,489	
Fire, safety & emergency	1,078,870	-	-	-	1,078,870	-	-	-	-	-	-	-	1,078,870	429,771	-	-	45,646	-	-	-	-	476,417	-	603,454	
Libraries	17,231,165	-	-	-	17,231,165	-	132,717	-	-	-	-	-	17,363,882	3,833,125	-	-	498,314	-	-	-	-	4,331,439	-	13,032,443	
Museums & Art Galleries	433,000	-	-	-	433,000	-	-	-	-	-	-	-	433,000	77,520	-	-	4,305	-	-	-	-	81,825	-	351,175	
Other	40,611,211	-	96,647	-	40,707,858	-	100,279	-	(77,000)	-	(96,647)	-	40,634,491	2,623,724	200,000	-	419,520	-	-	-	-	3,043,244	200,000	37,391,247	
Parks & Gardens	12,703,152	-	-	1,009,258	13,712,410	-	-	-	-	-	-	-	13,712,410	2,170,488	-	-	161,400	-	-	-	-	2,331,888	-	11,380,522	
Recreation facilities	19,606,463	-	-	-	19,606,463	-	87,399	-	(14,196)	-	1,867,157	-	22,046,823	6,806,883	-	-	594,039	(14,176)	-	-	-	7,386,746	-	14,660,077	
Sport fields & stadia	626,564	-	-	-	626,564	-	-	-	-	-	-	-	626,564	486,121	-	-	26,897	-	-	-	-	515,018	-	311,546	
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Leased Assets	1,472,718	-	-	-	1,472,718	-	110,242	-	(82,534)	-	-	-	1,590,426	354,123	-	-	492,764	(82,534)	-	-	-	(6,674)	757,679	-	742,746
Office Equipment (Lease)	1,472,718	-	-	-	1,472,718	-	110,242	-	(82,534)	-	-	-	1,590,426	354,123	-	-	492,764	(82,534)	-	-	-	(6,674)	757,679	-	742,746
Other Assets	140,897,871	11,139,355	80,500	-	141,076,371	11,139,355	5,276,568	891,796	(3,512,585)	(95,934)	1,822,413	(92,862)	136,917,003	47,389,536	775,825	-	7,175,662	(3,698,765)	38,852	(261,337)	(20,435)	51,485,018	550,340	104,478,644	
Computer hardware/equipment	16,513,720	28	-	-	16,513,720	28	1,264,587	-	(1,962,313)	(15)	-	-	16,806,007	7,647,858	100,896	-	1,764,684	(1,630,342)	26,177	(88,831)	-	7,652,200	22,241	8,151,565	
Furniture & office equipment	9,609,063	58,281	-	-	9,609,063	58,281	210,616	-	(331,152)	(14)	-	-	9,546,793	4,614,874	14,139	-	1,178,168	(280,540)	6,860	(13,453)	-	5,910,462	7,547	4,028,755	
General Vehicles	32,721,391	9,632,174	-	-	32,721,391	9,632,174	1,768,088	628,478	-	(95,086)	-	(92,982)	44,430,024	15,171,651	131,265	-	2,226,667	(286,858)	-	-	(20,435)	17,089,926	-	27,348,099	
Other	4,811,746	-	-	-	4,811,746	-	-	-	-	-	-	-	4,811,746	203,210	-	-	26,135	-	-	-	-	349,345	-	4,462,401	
Other Buildings	56,430,356	1	80,500	-	56,510,856	1	563,627	-	(73,584)	-	1,822,413	-	57,843,313	7,674,708	511,737	-	561,408	-	-	-	-	8,214,365	511,737	46,117,182	
Specialised Vehicles	3,924,298	954,721	-	-	3,924,298	954,721	586,980	73,318	-	(19)	-	-	5,538,317	2,557,506	-	-	204,429	-	-	-	-	2,762,336	-	2,775,981	
Plant & Equipment	17,867,297	494,151	-	-	17,867,297	494,151	843,070	-	(793,298)	(19)	-	-	18,531,862	9,399,328	-	-	1,196,330	(670,293)	11,815	(17,787)	-	9,625,335	11,815	8,594,652	
	840,028,472	11,139,357	16,934,255	7,528,614	864,491,341	11,139,357	44,229,619	891,796	(3,813,638)	(95,935)	(1,615,134)	2,245,058	917,482,482	236,339,664	14,388,895	(594,083)	25,189,117	(3,196,936)	88,189	(261,337)	2,911,496	261,063,862	13,600,936	642,817,544	

* Please refer to note 48.1 for Prior period errors relating to Property, Plant and Equipment.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
2 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)		
2.3 Property, Plant and Equipment which is in the process of being constructed or developed:		
Infrastructure Assets	21,356,666	11,049,051
Roads	11,981,516	2,843,512
Storm Water	-	-
Electricity	9,374,000	280,300
Water Supply	-	6,981,950
Sanitation	-	943,288
Solid Waste	1,150	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	292,312	2,367,157
Other Assets	-	1,902,913
Total Property, Plant and Equipment under construction	21,648,978	15,319,121
Balance previously reported		13,416,208
Correction of Error - Refer to Note 48.24.3		1,902,913
Restated balance		15,319,121

	2019 R	2018 R
The movements for the year can be reconciled as follows:		
Balance at beginning of year	15,319,121	16,934,255
Expenditure during the year	93,290,434	44,888,802
Assets unbundled during the year	(86,960,577)	(46,503,936)
Impairment recognised during the year	-	-
Balance at end of year	21,648,978	15,319,121

	2019 R	2018 R
2.4 Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected:		

There is no Property, Plant and Equipment that is taking a significantly longer period of time to complete than expected.

	2019 R	2018 R
2.5 Property, Plant and Equipment where construction or development has been halted:		
Infrastructure Assets	-	753,036
Roads	-	-
Storm Water	-	-
Electricity	-	-
Water Supply	-	-
Sanitation	-	753,036
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	-	-
Other Assets	-	-
Total	-	753,036

There is no Property, Plant and Equipment where construction or development has been halted in the current financial year.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
2		
PROPERTY, PLANT AND EQUIPMENT (CONTINUE)		
2.6		
Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	-	-
Other materials	7,715,453	6,207,037
Contracted Services	10,166,182	8,586,679
Other Expenditure	653,554	1,235,958
Total Repairs and Maintenance	18,535,190	16,029,674
Balance previously reported		16,347,710
Correction of Error - Refer to Note 48.21		(318,036)
Restated balance		16,029,674

Langeberg Municipality does not have a costing system in place in order to allocate employee related costs to repairs and maintenance.

	2019 R	2018 R
2.7		
Assets pledged as security:		
A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:		
- Vehicle Testing Station		
- Paving		
2.8		
Effect of changes in accounting estimates		

Disclose the effect of a change in accounting estimate will have on the current period and subsequent periods. If no changes in accounting estimate, clearly state the fact.

	2019 R	2020 R	2021 R
Effect on Property, plant and equipment	1,048,826	1,048,826	1,048,826
2.9			
Contractual commitments for acquisition of Property, Plant and Equipment:			
Approved and contracted for:	35,516,440	15,701,122	
Infrastructure	33,424,016	1,044,221	
Community	753,025	14,108,818	
Other	1,339,399	548,083	
Total (VAT Incl.)	35,516,440	15,701,122	
	2019 R	2018 R	
This expenditure will be financed from:			
External Loans	21,277,542	-	
Capital Replacement Reserve	8,056,167	2,462,130	
Government Grants	6,182,731	13,238,992	
Own Resources	-	-	
District Council Grants	-	-	
Total (VAT Incl.)	35,516,440	15,701,122	
Total (VAT Excl.)	30,934,857	13,653,149	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
3. INVESTMENT PROPERTY		
3.1 Net Carrying amount at 1 July	28,485,321	28,534,902
Cost	30,368,740	30,368,740
Accumulated Depreciation	(1,883,419)	(1,833,838)
Additions	201,841	-
Transfers from Investment Property	(273,260)	-
Disposals	(18,000)	-
Depreciation for the year	(50,868)	(49,582)
Impairment loss	-	-
Net Carrying amount at 30 June	28,345,034	28,485,321
Cost	30,552,581	30,368,740
Accumulated Depreciation	(1,934,287)	(1,883,419)
Balance previously reported		26,901,486
Correction of Error - Refer to Note 48.2		1,583,835
Restated balance		28,485,321
	2019 R	2018 R
3.2 Revenue from Investment Property		
Revenue derived from the rental of Investment Property	1,619,767	1,566,715
	2019 R	2018 R
3.3 Operating Expenditure incurred on properties:		
Repairs and Maintenance		
Revenue Generating	90,367	202,453
Improved Property	90,367	202,453
Total Repairs and Maintenance	90,367	202,453
Other Operating Expenditure		
Revenue Generating	3,717,252	2,776,091
Improved Property	3,717,252	2,776,091
Total Other Operating Expenditure	3,717,252	2,776,091

There is no Investment Property which is in the process of being constructed or developed.

There is no Investment Property that is taking a significantly longer period of time to complete than expected.

There is no Investment Property where construction or development has been halted.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for the repairs, maintenance or enhancements thereof.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
4. INTANGIBLE ASSETS		
4.1 Net Carrying amount at 1 July	592,105	139,873
Cost	905,125	429,954
Accumulated Amortisation	(313,020)	(290,082)
Accumulated Impairment Loss	-	-
Additions	112,000	508,690
Amortisation	(129,216)	(56,456)
Disposals	-	(1)
Impairment Loss/ Reversal of Impairment Loss	-	-
Net Carrying amount at 30 June	574,890	592,105
Cost	1,017,125	905,125
Accumulated Amortisation	(442,236)	(313,020)
Accumulated Impairment Loss	-	-
Balance previously reported		1,316,295
Correction of Error - Refer to Note 48.26		(724,190)
Restated balance		592,105

	2019 R	2018 R
4.2 Material Intangible Assets included in the carrying value:		
Description	Carrying value	
Internal Audit and Risk Management Software	393,121	494,527
Website Costs	112,000	-
Servitude Bonnievale	53,000	53,000
	558,121	547,527

Only the Bonnievale Servitude was assessed as an intangible asset having an indefinite useful life. As it is a right to use a piece of land impairment assessment annually is considered but not deemed necessary.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

There are no Intangible Assets which is in the process of being constructed or developed.

There are no Intangible Assets that is taking a significantly longer period of time to complete than expected.

There are no Intangible Assets where construction or development has been halted.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
5. HERITAGE ASSETS		
5.1 Net Carrying amount at 1 July	260,000	260,000
Cost	649,000	649,000
Accumulated Impairment Loss	(389,000)	(389,000)
Additions	15,448	-
Disposals	-	-
Net Carrying amount at 30 June	275,448	260,000
Cost	664,448	649,000
Accumulated Impairment Loss	(389,000)	(389,000)

The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

There are no Heritage Assets that are used by the municipality for more than one purpose.

According to the South African Heritage Resources Agency(SAHRA), the following assets are declared as heritage sites. However, Langeberg Municipality classifies such assets as follows based on their use:

Montagu Municipal Offices	Administrative Use	Property, Plant and Equipment
Hofmeyer Hall	Community Hall	Property, Plant and Equipment
Robertsons Old Library	Administrative Use	Property, Plant and Equipment
McGregor Municipal Offices	Mixed Use	Investment Property

	2019 R	2018 R
6. INVESTMENTS		
Listed		
	109,948	113,791
Listed Shares	109,948	113,791
Unlisted	3,341	12,850
Unlisted Shares	3,341	12,850
Total Investments	113,289	126,641

	2019 R	2018 R
Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to those shares.		
Listed investments represent 270 Sanlam Shares, 685 Distell Shares.		
The market value per share at year end: Sanlam Shares	78.16	70.07
The market value per share at year end: Distell Shares	129.70	138.50
Unlisted investments comprise 1028 KWV Shares (LA Concorde) held at fair value, available for sale. Valuations of investments supplied by council are:		
The market value per share at year end: La Concorde Holdings Ltd	3.25	12.50
Dividends earned on listed and unlisted shares for the year.	2,660	3,395

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
7 NON-CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Services connections - At amortised cost	662,507	459,911
Short-term Installments	330,436	271,079
Receivables with repay arrangements - At amortised cost	9,323,508	11,679,321
Electricity	1,205,383	1,289,635
Water	2,716,175	3,779,285
Waste Management	2,091,793	2,403,433
Waste Water Management	2,747,998	3,289,783
Other Service Charges	562,159	917,185
Less: Current portion transferred to Receivables from Exchange Transactions	(602,904)	(530,138)
	9,713,547	11,880,173
Less: Provision for Debt Impairment	(9,323,508)	(11,679,321)
Total Non-Current Receivables from Exchange Transactions	390,039	200,852
	2019 R	2018 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	11,679,321	11,680,857
Contribution to provision/(Reversal of provision)	(2,355,813)	(1,536)
Balance at end of year	9,323,508	11,679,321

SERVICES CONNECTIONS

The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

RECEIVABLES WITH REPAY ARRANGEMENTS

The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

	2019 R	2018 R
8 NON-CURRENT RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Provincial Government Housing Loans - At amortised cost	382,455	374,094
Staff bursaries and other advances - At amortised cost	198,479	108,352
Receivables with repay arrangements - At amortised cost	1,499,436	1,728,683
Property Rates	832,743	1,110,835
Availability	666,693	617,848
	2,080,370	2,211,129
Less: Current portion transferred to Receivables from Non-Exchange Transactions	(19,665)	(186,872)
	2,060,705	2,024,257
Less: Provision for Debt Impairment	(1,499,437)	(1,728,683)
Total Non-Current Receivables from Non-Exchange Transactions	561,269	295,574
	2019 R	2018 R
Reconciliation of Provision for Debt Impairment		
Balance at beginning of year	1,728,683	1,749,651
Contribution to provision/(Reversal of provision)	(229,247)	(20,968)
Balance at end of year	1,499,437	1,728,683

HOUSING LOANS

The Provincial Government Housing Loans are receivable from various customers. When tested for impairment management determined that none of the financial assets are individually significant therefore impairment was performed on a group basis.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
9. OPERATING LEASE ARRANGEMENTS		
9.1 The Municipality as Lessor		
Operating Lease Asset	<u>97,015</u>	<u>102,156</u>
	2019 R	2018 R
<u>Disclosed as follows:</u>		
Current Operating Lease Asset	<u>97,015</u>	<u>102,156</u>
	<u>97,015</u>	<u>102,156</u>
Balance previously reported		101,600
Correction of Error - Refer to Note 48.6		557
Restated balance		<u>102,156</u>
	2019 R	2018 R
Reconciliation		
Balance at the beginning of the year	102,156	96,380
Movement during the year	(5,143)	5,776
Balance at the end of the year	<u>97,014</u>	<u>102,156</u>
	2019 R	2018 R
At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
Up to 1 Year	1,379,479	1,536,294
1 to 5 Years	1,480,200	1,493,767
More than 5 Years	253,360	228,915
Total Operating Lease Arrangements	<u>3,113,038</u>	<u>3,258,976</u>

This operating lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
10. INVENTORY		
Maintenance Materials - At cost	10,124,046	8,756,480
Compost – at cost	206,556	67,245
Other Inventory	1,302,760	-
Water – at cost	136,594	188,691
Low Cost Housing	14,039,720	5,398,084
Total Inventory	25,809,676	14,410,500
Balance previously reported		22,850,263
Correction of Error - Refer to Note 48.3		(8,439,763)
Restated balance		14,410,500

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Consumable stores materials written down due to damages as identified during the annual stores counts.

	5,839	3,558
--	-------	-------

Consumable stores materials (shortages)/surpluses identified during the annual stores counts.

	(47,554)	(2,167)
--	----------	---------

Inventory recognised as an expense during the year

	18,176,815	66,436,070
--	------------	------------

Balance previously reported

		63,907,534
--	--	------------

Correction of Error - Refer to Note 48.19

		2,528,536
--	--	-----------

Restated balance

		66,436,070
--	--	-------------------

Write down of inventory to the lower of Cost or Net Realisable Value

	51,167	39,890
--	--------	--------

No inventories were pledged as security for liabilities.

	2019 R	2018 R
11. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	24,595,168	18,471,287
Water	9,573,271	9,008,817
Property Rentals	1,449,935	1,270,380
Waste Management	6,466,705	5,170,861
Waste Water Management	7,737,929	6,693,529
Other Arrears	14,360,479	13,639,568
Other Receivables	1,400,234	2,375,030
Prepayments and Advances	1,227,009	651,075
Total: Receivables from exchange transactions (before provision)	66,810,730	57,280,546
Less: Provision for Debt Impairment	(20,977,662)	(17,704,374)
Total: Receivables from exchange transactions (after provision)	45,833,068	39,576,172
Balance previously reported		41,368,502
Correction of Error - Refer to Note 48.4		(1,792,330)
Restated balance		39,576,172

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
11. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	21,240,547	16,049,320
31 - 60 Days	716,044	391,525
61 - 90 Days	494,882	266,007
+ 90 Days	2,143,696	1,764,435
Total	24,595,168	18,471,287
	2019 R	2018 R
<u>(Water): Ageing</u>		
Current (0 - 30 days)	3,932,237	3,605,219
31 - 60 Days	564,402	632,707
61 - 90 Days	377,089	468,173
+ 90 Days	4,699,543	4,302,718
Total	9,573,271	9,008,817
	2019 R	2018 R
<u>(Waste Management): Ageing</u>		
Current (0 - 30 days)	1,907,563	1,533,194
31 - 60 Days	376,890	255,834
61 - 90 Days	308,607	198,425
+ 90 Days	3,873,646	3,183,408
Total	6,466,705	5,170,861
	2019 R	2018 R
<u>(Waste Water Management): Ageing</u>		
Current (0 - 30 days)	2,053,547	1,878,613
31 - 60 Days	412,957	316,654
61 - 90 Days	336,781	246,999
+ 90 Days	4,934,645	4,251,262
Total	7,737,929	6,693,529
	2019 R	2018 R
<u>(Other): Ageing</u>		
Current (0 - 30 days)	14,534,983	15,077,918
31 - 60 Days	97,810	51,441
61 - 90 Days	134,122	37,288
+ 90 Days	3,670,741	2,769,405
Total	18,437,656	17,936,052
	2019 R	2018 R
<u>(Total): Ageing</u>		
Current (0 - 30 days)	43,668,877	38,144,264
31 - 60 Days	2,168,102	1,648,162
61 - 90 Days	1,651,481	1,216,893
+ 90 Days	19,322,270	16,271,227
Total	66,810,730	57,280,546

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R	
RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)			
<u>Reconciliation of Provision for Debt Impairment</u>			
Balance at beginning of year	17,704,374	14,698,791	
Contribution to provision	3,273,288	3,005,584	
Balance at end of year	20,977,662	17,704,374	
	2019 R	2018 R	
The total amount of this provision consists of:			
Services			
Electricity	3,271,775	1,872,062	
Water	5,351,745	5,124,576	
Waste Management	4,246,773	3,383,135	
Waste Water Management	5,348,397	4,538,823	
Other Debtors	2,758,972	2,785,778	
Total Provision for Debt Impairment on Receivables from exchange transactions	20,977,662	17,704,374	
	2019 R	2018 R	
<u>Ageing of amounts past due but not impaired:</u>			
1 month past due	2,168,102	1,648,162	
2+ months past due	20,973,751	17,488,120	
	23,141,853	19,136,282	
<u>Summary of Receivables from Exchange transactions</u>			
	Gross balance	Provision for Debt Impairment	Net balance
30 June 2019			
Electricity	24,595,168	(3,271,775)	21,323,393
Water	9,573,271	(5,351,745)	4,221,526
Waste Management	6,466,705	(4,246,773)	2,219,932
Waste Water Management	7,737,929	(5,348,397)	2,389,532
Other	18,437,656	(2,758,972)	15,678,684
Balance at end of year	66,810,730	(20,977,662)	45,833,068
	Gross balance	Provision for Debt Impairment	Net balance
30 June 2018			
Electricity	18,471,287	(1,872,062)	16,599,225
Water	9,008,817	(5,124,576)	3,884,241
Waste Management	5,170,861	(3,383,135)	1,787,726
Waste Water Management	6,693,529	(4,538,823)	2,154,706
Other	17,936,053	(2,785,778)	15,150,275
Balance at end of year	57,280,546	(17,704,374)	39,576,172

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
12. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Rates	12,726,548	10,803,878
Fines	4,032,948	3,134,000
Other Receivables	12,354,839	8,777,411
Accrued Interest	673,899	149,528
Availability charges	6,708,959	6,203,728
Other	4,971,982	2,424,156
	29,114,335	22,715,289
Less: Provision for Debt Impairment	(18,898,034)	(16,136,115)
Total Receivables from non-exchange transactions	10,216,301	6,579,174
Balance previously reported		7,239,298
Correction of Error - Refer to Note 48.5		(660,123)
Restated balance		6,579,174

Trade Receivables with a total outstanding balance of R10 822 944 (2018: R13 408 004) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 7 and note 8 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

	2019 R	2018 R
<u>(Rates): Ageing</u>		
Current (0 - 30 days)	2,714,395	2,565,035
31 - 60 Days	208,659	186,630
61 - 90 Days	169,085	157,899
+ 90 Days	9,634,407	7,894,314
Total	12,726,548	10,803,878

	2019 R	2018 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	16,136,115	18,759,436
Contribution to provision	2,761,919	-
Reversal of provision	-	(2,623,322)
Balance at end of year	18,898,034	16,136,115

	2019 R	2018 R
The total amount of this provision consists of:		
Rates	8,922,286	7,373,869
Fines	3,698,909	2,953,662
Other	6,276,839	5,808,583
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	18,898,034	16,136,115

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

12.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUE)

Ageing of amounts past due but not impaired:

1 month past due

2+ months past due

2019

R

2018

R

208,659

9,803,493

10,012,152

186,630

8,052,213

8,238,843

Summary of Receivables from Non-Exchange transactions

Gross balance

Provision for Debt Impairment

Net balance

30 June 2019

Rates

Fines

Other

12,726,548

4,032,948

12,354,839

(8,922,286)

(3,698,909)

(6,276,839)

3,804,262

334,039

6,078,000

Balance at end of year

29,114,335

(18,898,034)

10,216,301

Gross balance

Provision for Debt Impairment

Net balance

30 June 2018

Rates

Fines

Other

10,803,878

3,134,000

8,777,411

(7,373,869)

(2,953,662)

(5,808,583)

3,430,008

180,338

2,968,828

Balance at end of year

22,715,289

(16,136,115)

6,579,174

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
13. BANK ACCOUNTS		
13.1 <u>Cash and Cash Equivalents</u>		
Current Accounts	24,642,305	19,089,790
Call Deposits and Investments	130,051,054	130,034,742
Cash On-hand	10,300	10,300
Total Cash and Cash Equivalents - Assets	154,703,659	149,134,832

The Municipality does not have a bank overdraft facility. Management did not deem it necessary.

	2019 R	2018 R
The municipality has the following bank accounts:		
<u>Current Accounts</u>		
ABSA Bank Limited - Account Number 1050 000 008 Montagu (Primary Bank Account):	24,642,305	19,089,790
ABSA Bank Limited - Account Number 406 272 8351 Montagu (Secondary Traffic Bank Account):	-	-
	24,642,305	19,089,790

	2019 R	2018 R
<u>Call Deposits and Investments</u>		
Investec Private Bank Account Number 1 100 458 195 450 (Cash Account)	35,000,000	35,000,000
Nedbank Account Number 03/7881034971/000042 (Cash Account)	35,000,000	35,000,000
Standard Bank Account Number 28 847 690 5 - 004 (Cash Account)	35,000,000	35,000,000
Absa Bank Limited Account Number 92 99946707 (Depositor Plus)	25,051,054	25,034,742
	130,051,054	130,034,742

Details of current accounts are as follow:

	2019 R	2018 R
ABSA Bank Limited - Account Number 1050 000 008 Montagu (Primary Bank Account):		
Cash book balance at beginning of year	19,089,790	20,010,635
Cash book balance at end of year	24,642,305	19,089,790
Bank statement balance at beginning of year	18,694,120	19,656,216
Bank statement balance to date	23,692,245	18,694,120
	2019 R	2018 R
ABSA Bank Limited - Account Number 406 272 8351 Montagu (Secondary Traffic Bank Account):		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	100
Bank statement balance at end of year	-	-

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
14. LONG-TERM BORROWINGS		
Annuity Loans - At amortised cost	13,840,544	17,365,077
Capitalised Lease Liability - At amortised cost	2,185,638	1,293,644
	16,026,182	18,658,720
Less: Current Portion transferred to Current Liabilities	3,199,081	4,516,800
Annuity Loans - At amortised cost	2,383,587	3,495,739
Capitalised Lease Liability - At amortised cost	815,494	1,021,062
	12,827,102	14,141,920
Unamortised charges on loans	(617,552)	(676,157)
Balance 1 July	(676,157)	(691,767)
Adjustment for the period	58,605	15,610
Total Long-term Borrowings	12,209,550	13,465,763

	2019 R	2018 R
14.1 The obligations under annuity loans are scheduled below:		
	Minimum payments	
Amounts payable under annuity loans:		
Payable within one year	3,779,968	4,980,882
Payable within two to five years	11,193,619	10,745,499
Payable after five years	3,343,000	7,343,178
	18,316,586	23,069,559
Less: Future finance obligations	(4,476,042)	(5,704,482)
Present value of annuity loans obligations	13,840,544	17,365,077

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Vehicle Testing Station
- Paving

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
14. LONG-TERM BORROWINGS (CONTINUE)			
14.2	The obligations under finance leases are scheduled below:		
			Minimum payments
	Amounts payable under finance leases:		
	Payable within one year	815,494	1,154,544
	Payable within two to five years	1,306,803	209,757
	Payable after five years	-	-
		2,122,297	1,364,301
	Less: Future finance obligations	63,341	(70,658)
	Present value of finance lease obligations	2,185,638	1,293,644

The capitalised lease liability consist out of the following contracts:

Supplier	Item Leased	Serial Nr	Lease Term	Maturity Date
Sasfin	Copy Machine	15267449	36 months	25/01/2019
	Telephone System	0834143742100	36 months	25/01/2019
Sasfin		001		
Sasfin	Copy Machine	K581144	36 months	25/02/2019
Sasfin	Copy Machine	B5706424/B5706437	36 months	25/01/2019
Sasfin	Copy Machine	B5706441/44702675	36 months	25/11/2018
Sasfin	Telephone System	2B0385BK700065/A1023352100265	36 months	25/03/2019
Sasfin	Telephone System	ITL5BE 1P 10 Units	36 months	25/05/2019
Sasfin	Copy Machine	V3L6606303/09/10	36 months	25/02/2020
Sasfin	Copy Machine	LW16220247/15Y05676	36 months	27/07/2019
Sasfin	Telephone System	A44163500019	36 months	25/01/2020
Sasfin	Netlink Console	Radio Links 23 units	36 months	25/09/2019
Sasfin	Telephone System	Z1149000GB	36 months	01/11/2020
Sasfin	Telephone System	SQ966456ZA	36 months	25/06/2021
Sasfin	Copy Machine	VCG8164312	36 months	25/11/2021
Sasfin	Copy Machine	12 TaskAlfa 5052ci units	36 months	25/03/2022
Sasfin	Copy Machine	VCG8164308	36 months	25/03/2022
Konica Minolta	Copy Machine	B367 2 units A7series	36 months	25/03/2022
Konica Minolta	Copy Machine	B287 16units A7series	36 months	25/03/2022
Vodacom	Tablets	15 Tablets for the Councillors	24 months	01/10/2018
Vodacom	Tablets	8 Tablets for the Councillors	24 months	01/12/2018
Bytes Document Solutions	Copy Machine	Xerox Wc3345 4 Units	36 months	25/03/2022
Bytes Document Solutions	Copy Machine	Veralink B7025 5 Units	36 months	25/03/2022

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 2

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Vehicle Testing Station
- Paving

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
15. NON-CURRENT PROVISIONS			
Provision for Rehabilitation of Landfill-sites		44,960,495	49,506,065
Total Non-current Provisions		44,960,495	49,506,065
		2019 R	2018 R
15.1 Landfill Sites			
Balance 1 July		60,976,688	58,785,510
Contribution for the year		-	-
Change in Provision for Rehabilitation Cost		(4,438,924)	(1,453,925)
Expenditure for the year		3,750,066	3,645,104
Total provision 30 June		60,287,831	60,976,688
Less: Transfer of Current Portion to Current Provisions - Note 18		(15,327,335)	(11,470,624)
Balance 30 June		44,960,495	49,506,065
Balance previously reported			54,181,595
Correction of Error - Refer to Note 48.7			(4,675,531)
Restated balance			49,506,064

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The municipality has an obligation to rehabilitate landfill sites after the end of the expected useful life of the asset. The details are as follows:

Location	Area (m ²)	Actual/ Estimated closure date	Estimated decommission date	2019 R	2018 R
Montagu	17,190	2015	2020	9,670,775	9,022,550
Bonnievale	28,890	2056	2061	8,395,747	12,190,398
McGregor	35,752	2015	2020	19,621,283	18,243,429
Ashton	44,685	2019	2024	22,600,026	21,520,313
				60,287,831	60,976,689

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R	
16. NON-CURRENT EMPLOYEE BENEFITS			
Provision for Post Retirement Health Care Benefits	46,021,870	51,084,796	
Provision for Long Service Awards	12,228,899	9,110,689	
Total Non-current Employee Benefits	58,250,768	60,195,485	
	2019 R	2018 R	
<u>Post Retirement Health Care Benefits</u>			
Balance 1 July	53,056,050	52,109,861	
Contribution for the year	2,085,290	2,264,754	
Interest Cost	4,985,294	4,936,105	
Expenditure for the year	(2,082,647)	(1,905,809)	
Actuarial Loss/(Gain)	(9,772,402)	(4,348,861)	
Total provision 30 June	48,271,585	53,056,050	
Less: Transfer of Current Portion - Note 19	(2,249,715)	(1,971,254)	
Balance 30 June	46,021,870	51,084,796	
	2019 R	2018 R	
<u>Long Service Awards</u>			
Balance 1 July	10,633,381	9,597,679	
Contribution for the year	889,347	825,092	
Interest Cost	837,472	769,111	
Expenditure for the year	(1,328,027)	(893,736)	
Actuarial Loss/(Gain)	2,615,533	335,235	
Total provision 30 June	13,647,706	10,633,381	
Less: Transfer of Current Portion - Note 19	(1,418,807)	(1,522,692)	
Balance 30 June	12,228,899	9,110,689	
	2019 R	2018 R	
16.1 Provision for Post Retirement Health Care Benefits			
The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:			
In-service (employee) members	188	179	
In-service (employee) non-members	525	522	
Continuation members (e.g. Retirees, widows, orphans)	64	60	
Total Members	777	761	
	2019 R	2018 R	
The liability in respect of past service has been estimated to be as follows:			
In-service members	17,062,165	26,932,914	
In-service non-members	5,540,106	4,689,272	
Continuation members	25,669,313	21,433,864	
Total Liability	48,271,584	53,056,050	
The liability in respect of periods commencing prior to the comparative year has been estimated as follows:			
	2017 R	2016 R	2015 R
In-service members	25,602,644	25,242,938	24,859,518
In-service non-members	4,533,937	4,820,764	4,752,275
Continuation members	21,973,279	21,349,268	22,776,561
Total Liability	52,109,860	51,412,970	52,388,354

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2019 Rm	2018 Rm	2017 Rm	2016 Rm	2015 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	0.034	(1.247)	0.956	(3.558)	(1.925)
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas
Discovery
Hosmed
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R1 751 388, whereas the Interest Cost for the next year is estimated to be R4 368 093.

Key actuarial assumptions used:	2019 %	2018 %
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The Projected Unit Credit Method has been used to value the liabilities.

i) Rate of interest

Discount rate	9.26%	9.57%
Health Care Cost Inflation Rate	6.77%	7.40%
Net Effective Discount Rate	2.33%	2.02%

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that employees will retire at age 62 on average, which then implicitly allows for expected rates of ill-health and early retirement.

iv) Expected rate of salary increases

2018/2019 - 7% + additional 0,5% for employees who earn a basic salary of R9 000 or less.

The three-year Salary and Wage Collective Agreement ends on 30 June 2021.

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	48,271,585	53,056,050
Net liability/(asset)	48,271,585	53,056,050
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	53,056,050	52,109,861
Total expenses	4,987,937	5,295,050
Current service cost	2,085,290	2,264,754
Interest Cost	4,985,294	4,936,105
Benefits Paid	(2,082,647)	(1,905,809)
Actuarial (gains)/losses	(9,772,402)	(4,348,861)
Present value of fund obligation at the end of the year	48,271,585	53,056,050

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on the Accrued Liability on 30 June 2019

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)
Assumption			
Central Assumptions	22.602	25.669	48.272

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	+1%	25.536	27.354	52.890	10%
Health care inflation	-1%	19.270	23.803	43.073	-11%
Discount rate	+1%	18.885	23.621	42.505	-12%
Discount rate	-1%	27.409	28.057	55.465	15%
Post-retirement mortality	-1 yr	23.314	26.631	49.845	3%
Average retirement age	-1%	24.576	25.669	50.245	4%
Withdrawal Rate	-10%	16.815	25.669	42.484	-12%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	2,085,300	4,985,300	7,070,600

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	+1%	2,322,800	5,399,000	7,721,800	9%
Health care inflation	-1%	1,779,900	4,491,500	6,271,400	-11%
Discount rate	+1%	1,731,300	4,847,000	6,578,300	-7%
Discount rate	-1%	2,542,100	5,124,500	7,666,600	8%
Post-retirement mortality	-1 yr	2,138,900	5,143,500	7,282,400	3%
Average retirement age	-1 yr	2,101,400	5,215,500	7,316,900	3%
Continuation of membership at retirement	-10%	1,525,400	4,287,800	5,813,200	-18%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Future Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	1,751,400	4,368,100	6,119,500

The effect of movements in the assumptions are as follows:

	Change	Future Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	+1%	1,998,900	4,795,300	6,794,200	11%
Health care inflation	-1%	1,457,300	3,887,200	5,344,500	-13%
Discount rate	+1%	1,432,800	4,248,500	5,681,300	-7%
Discount rate	-1%	2,171,700	4,490,400	6,662,100	9%
Post-retirement mortality	-1 yr	1,797,800	4,513,800	6,311,600	3%
Average retirement age	-1 yr	1,803,000	4,550,900	6,353,900	4%
Continuation of membership at retirement	-10%	1,283,400	3,832,200	5,115,600	-16%

16.2 Provision for Long Service Awards

The Long Service Award plans are defined benefit plans.

As at year end, the following employees were eligible for Long Service Awards:

	2019 R	2018 R
	713	701
	2019 %	2018 %

Key actuarial assumptions used:

i) Rate of interest

Discount rate	8.20%	8.47%
General Salary Inflation (long-term)	5.58%	6.10%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.48%	2.23%

The Projected Unit Credit Method has been used to value the liabilities.

	2019 R	2018 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	13,647,706	10,633,381
Net liability/(asset)	13,647,706	10,633,381
	2019 R	2018 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	10,633,381	9,597,679
Total expenses	398,792	700,467
Current service cost	889,347	825,092
Interest Cost	837,472	769,111
Benefits Paid	(1,328,027)	(893,736)
Actuarial (gains)/losses	2,615,533	335,235
Present value of fund obligation at the end of the year	13,647,706	10,633,381

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

			2017 R	2016 R	2015 R
Total Liability			9,597,679	9,377,980	9,279,667
Experience adjustments were calculated as follows:	2019 R	2018 R	2017 R	2016 R	2015 R
Liabilities: (Gain) / loss	218,358	450,083	-61,820	256,159	175,329
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

Sensitivity Analysis on the Unfunded Accrued Liability on 30 June 2019

	Change	Liability (Rm)	% change
Assumption			
Central assumptions		13.648	
General salary inflation	+1%	14.588	7%
General salary inflation	-1%	12.803	-6%
Discount rate	+1%	12.776	-6%
Discount rate	-1%	14.635	7%
Average retirement age	-2 yrs	11.884	-13%
Average retirement age	+2 yrs	16.076	18%
Withdrawal rates	-50%	15.623	14%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2019

	Current Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	889,300	837,500	1,726,800

The effect of movements in the assumptions are as follows:

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	960,000	889,600	1,849,600	7%
Health care inflation	-1%	826,100	789,900	1,616,000	-6%
Discount rate	1%	831,700	881,000	1,712,700	-1%
Discount rate	-1%	954,600	787,300	1,741,900	1%
Post-retirement mortality	-2 yrs	779,100	707,300	1,486,400	-14%
Average retirement age	+2 yrs	1,006,500	973,300	1,979,800	15%
Withdrawal Rate	-50%	1,170,900	991,800	2,162,700	25%

Sensitivity Analysis on Current-Service and Interest Cost for the year ending 30 June 2020

	Future Service Cost (R)	Interest Cost (R)	Total (R)
Assumption			
Central Assumptions	1,228,700	1,062,100	2,290,800

The effect of movements in the assumptions are as follows:

	Change	Future Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	1,345,100	1,139,200	2,484,300	8%
Health care inflation	-1%	1,126,500	992,800	2,119,300	-7%
Discount rate	1%	1,134,600	1,111,600	2,246,200	-2%
Discount rate	-1%	1,337,400	1,003,500	2,340,900	2%
Post-retirement mortality	-2 yrs	1,091,800	919,800	2,011,600	-12%
Average retirement age	+2 yrs	1,382,900	1,261,200	2,644,100	15%
Withdrawal Rate	-50%	1,523,600	1,224,100	2,747,700	20%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

16.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)

LA RETIREMENT FUND (PREVIOUSLY CAPE JOINT PENSION FUND)	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2018	2,018,237	2,018,237	1

2019
R

2018
R

Contributions paid recognised in the Statement of Financial Performance

28,339

26,486

The contribution rate payable is under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2018 disclosed an actuarial valuation amounting to R1,776,181, 000 (30 June 2017 : R1, 859,077,000), with a nett accumulated surplus of R63, 423,000 (2017 : R46,989,000), with a funding level of 103.7% (30 June 2017 : 102.6%).

The actuarial valuation report at 30 June 2018 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R2,018,237,000.00 (30 June 2017: R1,911,937,000.00), net investment reserve of R0 (30 June 2017: R0) and with a funding level of 100% (2017: 100%).

The actuary concluded that :

- The Pensioner Account has a funding level of 103.7% with a surplus of R63.4 million and is in a sound financial condition as at the valuation date.
- The DC Section has a funding level of 100% and is in a sound financial condition.
- Overall the Fund is in a sound financial condition with a surplus of R63.0 million and an overall funding level of 101.7%.
- The Trustees allocated the negative balance of the Processing Reserve Account of -0.3% of liabilities to Members' Shares and Living Annuitant accounts.
- The Trustees awarded a 3.22% pension increase effective 1 January 2019.
- The Trustees increased the pension increase target from 65% to 70% of price inflation from 1 January 2019.
- The Trustees awarded a 60% of monthly pension bonus to pensioners payable in December 2018.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

It is to be noted that :

- The value of assets is the fair value of the net assets of the Fund after deduction of current liabilities and any liabilities arising from the pledging, hypothecation or other encumbering of the assets of the Fund. The actuarial value of the assets is equal to the fair value of the assets.
- Pensioner liabilities include DB Deferred Member liabilities and a provision for future expenses related to these categories of membership.
- The funding level is determined by dividing the value of the assets of the Pensioner Account by the sum of the pensioner liabilities and the Solvency Reserve.
- The Processing Error Reserve Account held a negative balance of –R5.882 million as at 30 June 2018 representing -0.3% of the DC Section liabilities. The Trustees may allocate the balance of the Processing Error Reserve Account to Members' Shares and Living Annuitants' accounts.

The nature of the assets is suitable for the Fund, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this class. The assets are appropriately matched relative to the term and nature of the active member liabilities. The Fund's investment strategy is suitable. Finally the risk benefits are partially re-insured and this is appropriate for the size and nature of the Fund.

CAPE RETIREMENT FUND

CAPE RETIREMENT FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2017	20,643,329	20,574,162	657
			2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance			17,909,994	16,129,364

The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R20,643,329,000 (30 June 2016: R20,074,604,000), with funding levels of 100,3% and 127,3% (30 June 2016 100,5% and 118%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2017 & 2016. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

DEFINED CONTRIBUTION FUNDS

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
South African Local Authorities Pension Fund	July 2018	14,298,600	14,899,800	18
Municipal Workers Retirement Fund (previously SAMWU National Provident Fund)	July 2015	7,720,948	7,569,557	55
			2019 R	2018 R
Contributions paid recognised in the Statement of Financial Performance				
SALA Pension Fund			586,437	537,898
SAMWU National Provident Fund			1,581,900	1,699,225
			2,168,338	2,237,123

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

16. NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. The statutory valuation performed as at 1 July 2018 revealed that the assets of the fund amounted to R14,298,600.00 (30 June 2015 : R13,231,200.00), with funding levels of 96.0% (30 June 2015: 100%). Recommended that employers continue to contribute at the current rate of 19.18% of pensioners salaries.

It is the actuary's opinion that :

- They are satisfied with the investment strategy of the Fund;
- the nature of the assets is, in their opinion, suitable for the nature of the liabilities of the Fund as defined in the Rules of the Fund;
- the matching of assets with the liabilities of the Fund is adequate; and
- the insurance arrangements are appropriate compared to the cover provided can be regarded as financially sound at the valuation date.

The Municipal Workers Retirement Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. From 1 July 2017, members and employers that fall under other bargaining councils or forums are not bound by the above minimum contribution rates. The statutory valuation performed as at 30 June 2017 revealed that the assets of the fund amounted to R7,720,948.000 (30 June 2011 : R6,574,75.00), with funding levels of 102.0% (30 June 2014: 111.7%). As a percentage of members' Fund Credits, the investment smoothing reserve has decreased from 5.6% to 4.9% over the valuation period. As a percentage of the market value of assets, it has decreased marginally from 4.6% to 4.4%. The Fund's assets are sufficient to cover the members' Fund Credits, the targeted levels of the risk benefits reserve and the data and processing error reserve, and an investment smoothing reserve of 4.9% of members' Fund Credits as at 30 June 2017. In addition, there is brought-forward surplus of some R152.8 million which has been allocated to former members and is awaiting payment. The Fund is therefore in a sound financial position.

17. CONSUMER DEPOSITS

Municipal Services

Total Consumer Deposits

**2019
R**

**2018
R**

12,214,563

11,086,873

12,214,563

11,086,873

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Guarantees held in lieu of Electricity and Water Deposits

**2019
R**

**2018
R**

2,414,449

2,414,449

18. PROVISIONS

Current Portion of Rehabilitation of Landfill Sites - Note 15

Total Provisions

**2019
R**

**2018
R**

15,327,335

11,470,624

15,327,335

11,470,624

Balance previously reported

Correction of Error - Refer to Note 48.8

Restated balance

9,121,714

2,348,910

11,470,624

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
19. CURRENT EMPLOYEE BENEFITS		
Performance Bonuses	815,109	433,989
Staff Bonuses	4,760,650	4,532,480
Staff Leave	10,143,082	9,294,129
Current Portion of Non-Current Provisions	3,668,522	3,493,946
Current Portion of Post Retirement Benefits - Note 16	2,249,715	1,971,254
Current Portion of Long-Service Provisions - Note 16	1,418,807	1,522,692
Total Provisions	19,387,364	17,754,544

Refer to Correction of error note 48.9 for the prior year error that has a zero net effect.

The movement in current provisions are reconciled as follows:

	2019 R	2018 R
19.1 <u>Performance Bonuses</u>		
Balance at beginning of year	433,989	411,482
Contribution to current portion	738,831	368,718
Expenditure incurred	(357,710)	(346,212)
Balance at end of year	815,109	433,989
Balance previously reported		372,671
Correction of Error - Refer to Note 48.9		61,318
Restated balance		433,989

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

	2019 R	2018 R
19.2 <u>Staff Bonuses</u>		
Balance at beginning of year	4,532,480	4,175,554
Contribution to current portion	8,940,171	8,254,988
Expenditure incurred	(8,712,001)	(7,898,062)
Balance at end of year	4,760,650	4,532,480
Balance previously reported		4,593,798
Correction of Error - Refer to Note 48.9		(61,318)
Restated balance		4,532,480

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

	2019 R	2018 R
19.3 <u>Staff Leave</u>		
Balance at beginning of year	9,294,129	7,147,297
Contribution to current portion	5,827,339	6,378,521
Expenditure incurred	(4,978,385)	(4,231,689)
Balance at end of year	10,143,082	9,294,129

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	48,615,202	47,403,580
Advance Payments	4,663,060	4,373,606
Other Payables	1,011,959	370,987
Sundry Deposits	11,779,521	9,912,485
Retentions	4,548,160	2,401,902
Total Trade Payables	70,617,902	64,462,559
Balance previously reported		64,490,166
Correction of Error - Refer to Note 48.10		(27,607)
Restated balance		64,462,559

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and other general deposits.

	2019 R	2018 R
21. UNSPENT TRANSFERS AND SUBSIDIES		
Unspent Transfers and Subsidies	7,415,488	13,653,475
National Government Grants	1,258,075	4,981,146
Provincial Government Grants	5,748,651	7,964,832
District Municipality	408,762	707,497
Other Sources	-	-
Less: Unpaid Transfers and Subsidies	-	-
National Government Grants	-	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Unspent Transfers and Subsidies	7,415,488	13,653,475
Balance previously reported		13,644,475
Correction of Error - Refer to Note 48.11		9,000
Restated balance		13,653,475

See appendix "C" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. An application was sent to National Treasury that the unspent grants at 30 June 2019 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2019/2020 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
22. UNSPENT PUBLIC CONTRIBUTIONS		
Silwer Strand Home Owners Association	-	-
Robertson Arts and Crafts Project	-	-
	<u>-</u>	<u>-</u>
Balance previously reported		684,330
Correction of Error - Refer to Note 48.28		(684,330)
Restated balance		<u><u>-</u></u>

Unspent Public Contributions consisted of Silwer Strand Home Owners Association and Robertson Arts and Crafts Project.

The amounts were recognised as revenue as there are no more pending conditions to be met against the grants, in the case of the Silverstrand grant the municipality has spent money through its CRR in previous years on bulk infrastructure. An amount equivalent to the amount recognised for the arts and crafts project is cash backed in the CRR if the need arises for a similar project in the future.

	2019 R	2018 R
23. TAXES		
23.1		
VAT Payable	636,279	(212,064)
VAT Output in Suspense	8,978,109	7,442,970
Less: Contribution to Provision for Doubtful Debt Impairment	(4,796,387)	(4,199,768)
Total VAT Payable	<u>4,818,002</u>	<u>3,031,139</u>
Balance previously reported		3,335,312
Correction of Error - Refer to Note 48.12		(304,173)
Restated balance		<u><u>3,031,139</u></u>

	2019 R	2018 R
23.2		
VAT Receivable	94,344	-
VAT Input in Suspense	6,194,240	5,544,793
Total VAT Receivable	<u>6,288,584</u>	<u>5,544,793</u>

	2019 R	2018 R
23.3		
Net VAT (Payable)/Receivable	<u>1,470,582</u>	<u>2,513,653</u>
Balance previously reported		2,209,480
Correction of Error - Refer to Note 48.12		304,173
Restated balance		<u><u>2,513,653</u></u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
24. SHORT-TERM BORROWINGS		
The Municipality has no short term borrowings.		
	2019 R	2018 R
25. NET ASSET RESERVES		
RESERVES	62,921,000	56,421,002
Capital Replacement Reserve	62,921,000	56,421,002
Total Net Asset Reserve and Liabilities	62,921,000	56,421,002

25.1 The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

	2019 R	2018 R
26. PROPERTY RATES		
<u>Actual</u>		
Rateable Land and Buildings	62,339,585	56,903,689
Residential, Commercial Property, State	62,339,585	56,903,689
<u>Less: Revenue Forgone</u>	(9,660,090)	(10,382,436)
Total Property Rates	52,679,495	46,521,253

	2019 R	2018 R
<u>Valuations - 1 July 2018</u>		
Rateable Land and Buildings	14,531,328,426	14,391,748,371
Business and Commercial Property	1,495,143,477	1,478,874,446
Municipal Properties	393,125,878	412,187,038
Residential Properties	5,819,520,673	5,738,269,639
State-owned Properties	289,685,700	289,685,700
Agricultural Property	6,197,124,548	6,124,727,548
Other Categories	336,728,150	348,004,000
Total Assessment Rates	14,531,328,426	14,391,748,371

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 5 years. The last valuation came into effect on 1 July 2014. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	0.0060c/R	0.0056c/R
Commercial, Industrial & Government	0.0089c/R	0.0081c/R
Public Benefit Organisations	0.0012c/R	0.0011c/R
Agricultural	0.0012c/R	0.0011c/R

Rates are levied annually and are payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential - In terms of the Rates policy of the municipality the first R80 000.00 of the market value of a property is exempted from paying rates.

The first R15 000 on the valuation is exempted in terms section 17(1)(h) of Municipal Property Rates Act, the subsequent R65 000 is a discretionary rebate.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
27. GOVERNMENT GRANTS AND SUBSIDIES		
Government Grants and Subsidies - Operating	103,329,611	99,852,701
Equitable Share	73,093,000	65,384,000
Expanded Public Works Programme Integrated Grant	1,740,000	1,866,000
Integrated National Electrification Programme	2,034,546	122,800
Local Government Financial Management Grant	1,550,000	1,550,000
Municipal Infrastructure Grant	3,304,575	2,091,725
Human Settlements Development Grant (Beneficiaries)	11,645,238	19,276,934
Title deed registration grant	231,148	-
Library Services	3,210,000	9,171,242
Library services:MRF	5,700,000	-
Western Cape Financial Management Capacity Building	122,000	60,000
CDWM Cultural Events	38,622	-
Training	330,482	-
Western Cape Financial Management Support Grant	330,000	330,000
Government Grants and Subsidies - Capital	56,306,600	24,144,506
Integrated National Electrification Programme Grant	965,454	877,200
Municipal Infrastructure Grant	22,030,497	14,877,128
Libraries	-	456,621
Accelerating of Housing	-	4,274,259
Fire Service Capacity Building Grant	121,672	659,298
Municipal Drought Relief	4,200,000	3,000,000
Human Settlements Development Grant (Beneficiaries)	28,228,863	-
CWDM: Construction of Boundary Walls of Sportsfields	467,801	-
CWDM:King Edward Sport Grounds Upgrade	292,312	-
Total Government Grants and Subsidies	159,636,211	123,997,208
Balance previously reported		124,006,208
Correction of Error - Refer to Note 48.14 and 48.24.4		(9,000)
Restated balance		123,997,208

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
Included in above are the following grants and subsidies received:		
Unconditional	73,093,000	65,384,000
Equitable Share	73,093,000	65,384,000
Conditional	86,543,211	58,613,208
Expanded Public Works Programme Integrated Grant	1,740,000	1,866,000
Integrated National Electrification Programme	2,034,546	122,800
Local Government Financial Management Grant	1,550,000	1,550,000
Municipal Infrastructure Grant	25,335,072	16,968,854
Human Settlements Development Grant (Beneficiaries)	39,874,102	19,276,934
Title deed registration grant	231,148	-
Library Services	3,210,000	9,171,242
Library services:MRF	5,700,000	-
Western Cape Financial Management Capacity Building	122,000	60,000
CDWM Cultural Events	38,622	-
Training	330,482	-
Western Cape Financial Management Support Grant	330,000	330,000
CWDM:King Edward Sport Grounds Upgrade	292,312	-
Integrated National Electrification Programme Grant	965,454	877,200
Libraries	-	456,621
Accelerating of Housing	-	4,274,259
Fire Service Capacity Building Grant	121,672	659,298
Municipal Drought Relief	4,200,000	3,000,000
CWDM: Construction of Boundary Walls of Sportsfields	467,801	-
Total Government Grants and Subsidies	159,636,211	123,997,208
	2019 R	2018 R
Revenue recognised per vote as required by Section 123 (c) of the MFMA:		
Equitable share	73,093,000	65,384,000
Executive & Council	330,482	2,239,298
Finance and Administration	1,880,000	-
Budget & Treasury	-	1,881,193
Corporate Services	-	106,601
Community & Social Services	10,932,294	9,271,256
Sport & Recreation	760,113	-
Public Safety	-	659,298
Housing	40,105,250	19,239,627
Planning & Development	25,335,072	1,866,000
Road Transport	-	-
Energy Sources	3,000,000	1,000,000
Water Management	4,200,000	22,298,302
Waste Water Management	-	51,633
Total Government Grants and Subsidies	159,636,211	123,997,208

Based on the allocations set out in the Division of Revenue Act (DoRA), no significant changes in the level of government funding are expected over the forthcoming 3 financial years.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
27.1 <u>Equitable Share</u>		
Opening balance	-	-
Grants received	73,093,000	65,384,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(73,093,000)	(65,384,000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

	2019 R	2018 R
27.2 <u>Local Government Financial Management Grant (FMG)</u>		
Opening balance	-	-
Grants received	1,550,000	1,550,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,550,000)	(1,550,000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

	2019 R	2018 R
27.3 <u>Municipal Infrastructure Grant (MIG)</u>		
Opening balance	4,981,146	-
Grants received	21,612,000	21,950,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(3,304,575)	(2,091,725)
Conditions met - Capital	(22,030,497)	(14,877,128)
Conditions still to be met	1,258,075	4,981,146

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

	2019 R	2018 R
27.4 <u>Integrated National Electrification Grant</u>		
Opening balance	-	-
Grants received	3,000,000	1,000,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(2,034,546)	(122,800)
Conditions met - Capital	(965,454)	(877,200)
Conditions still to be met	-	-

The National Electrification Grant is used to address the electrification backlog of all existing and planned residential dwellings (including the upgrading informal settlements, new and normalisation of existing dwellings) and the installation of relevant bulk infrastructure.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
27.5 <u>Expanded Public Works Grant</u>		
Opening balance	-	-
Grants received	1,740,000	1,866,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1,740,000)	(1,866,000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Expanded Public Works Grant is used to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods.

	2019 R	2018 R
27.6 <u>Human Settlements Development Grant (Beneficiaries), Title Deed Registration Grant and Acceleration of Housing Delivery</u>		
Opening balance	3,324,130	1,340,376
Grants received	42,032,742	25,518,704
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(11,876,387)	(19,276,934)
Conditions met - Capital	(28,228,863)	(4,227,933)
Transfer	-	(30,083)
Conditions still to be met	5,251,622	3,324,130

To provide funding for the creation of sustainable and integrated human settlements.

	2019 R	2018 R
27.7 <u>Community Library Services Grant</u>		
Opening balance	-	82,160
Grants received	3,210,000	3,000,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(3,210,000)	(3,000,000)
Conditions met - Capital	-	(82,160)
Conditions still to be met	-	0

The Community Library Services Grant is used to pay costs relating to library services. Eg: Employee related costs of library staff

	2019 R	2018 R
27.8 <u>Community Library Services - MRF</u>		
Opening balance	-	354,775
Grants received	5,700,000	5,570,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(5,700,000)	(5,550,313)
Conditions met - Capital	-	(374,462)
Conditions still to be met	-	-

The Community Library services MRF grant is used to transform urban and rural community library infrastructure, facilities and services (primarily targeting previously disadvantaged communities) through a recapitalised programme at provincial level in support of local government and national initiatives. (example of expenditure: salaries and operational costs)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
27.9 <u>Western Cape Financial Management Support Grant</u>		
Opening balance	-	-
Grants received	330,000	330,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(330,000)	(330,000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

To provide financial assistance to municipalities to improve the overall financial governance within municipalities inclusive of optimising and administration of revenue, improving credibility and responsiveness of municipal budgets, improving of municipal audit outcomes and addressing institutional challenges.

	2019 R	2018 R
27.10 <u>Western Cape Financial Management Capacity Building Grant</u>		
Opening balance	240,000	60,000
Grants received	360,000	240,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(122,000)	(60,000)
Conditions met - Capital	-	-
Conditions still to be met	478,000	240,000

The purpose of this grant is to develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to the municipality's requirements to enable sound and sustainable financial management and good financial governance.

	2019 R	2018 R
27.11 <u>Local Government Graduate Internship</u>		
Opening balance	60,000	60,000
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	(60,000)	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	60,000

This grant is used to provide financial assistance to municipalities in support of capacity building for the future by means of internship programme.

	2019 R	2018 R
27.12 <u>Fire Services Capacity Building Grant</u>		
Opening balance	140,702	-
Grants received	-	800,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(121,672)	(659,298)
Conditions still to be met	19,029	140,702

This grant is used to ensure functional emergency communication, mobilisation systems and fire services.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
27.13 <u>Emergency Drought Relief</u>		
Opening balance	-	-
Grants received	-	3,000,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(3,000,000)
Conditions still to be met	-	-

This grant is for the development of municipal water infrastructure with the purpose of augmenting water supply in drought stricken municipalities.

	2019 R	2018 R
27.14 <u>Municipal Drought Relief Grant</u>		
Opening balance	4,200,000	-
Grants received	-	4,200,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(4,200,000)	-
Conditions still to be met	-	4,200,000

This grant is used for drought relief financial assistance to municipalities to augment water supply, bulk infrastructure capacity and demand reduction in drought stricken municipalities.

	2019 R	2018 R
27.15 <u>CWDM: Upgrade of Ablution Facilities at King Edward Sport Grounds</u>		
Opening balance	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
Balance previously reported		50,000
Correction of Error - Refer to Note 48.24.4		(50,000)
Restated balance		-

This grant is used for maintenance, repair and alterations to the King Edwards Sports Ground ablution facilities

	2019 R	2018 R
27.16 <u>Bakery Project</u>		
Opening balance	168,875	187,868
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(18,993)
Conditions met - Capital	-	-
Conditions still to be met	168,875	168,875

Funds were received from the Cape Winelands District Municipality to roll out a bakery project to assist communities in the Langeberg area.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
27.17 <u>CDWM Cultural Events</u>		
Opening balance	38,622	126,230
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(38,622)	(87,608)
Conditions met - Capital	-	-
Conditions still to be met	0	38,622

The purpose of the grant is to provide funding in order to facilitate cultural events, sport events and the Christmas Lights event in the area of Langeberg Municipality.

	2019 R	2018 R
27.18 <u>CWDM: King Edward Sport Grounds Upgrade</u>		
Opening balance	500,000	-
Grants received	-	500,000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(292,312)	-
Conditions still to be met	207,688	500,000
Balance previously reported		441,000
Correction of Error - Refer to Note 48.14 and 48.24.4		59,000
Restated balance		500,000

This grant is used for maintenance, repair and alterations to the King Edwards Sports Ground facilities

	2019 R	2018 R
27.19 <u>CWDM: Construction of Boundary Walls of Sportsfields</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	500,000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	(467,801)	-
Transfer/Write-off	-	-
Conditions still to be met	32,199	-

This grant is an initiative for the erection and maintenance of boundary walls for the Langeberg sportsfields and community walls.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
27. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
27.20 Other Grants		
Opening balance	-	863,788
Grants received	330,482	275,829
Interest received	-	-
Repaid to National Revenue Fund	-	(297,571)
Conditions met - Operating	(330,482)	(514,328)
Conditions met - Capital	-	(46,326)
Transfer/Write-off	-	(281,393)
Conditions still to be met	-	-
	2019 R	2018 R
27.21 Total Grants		
Opening balance	13,653,475	3,075,197
Grants received	153,458,224	135,184,533
Interest received	-	-
Repaid to National Revenue Fund	(60,000)	(297,571)
Conditions met - Operating	(103,329,611)	(99,852,701)
Conditions met - Capital	(56,306,600)	(24,144,506)
Transfer/Write-off	-	(311,476)
Conditions still to be met/(Grant expenditure to be recovered)	7,415,488	13,653,475
Balance previously reported		13,644,475
Correction of Error - Refer to Note 48.14		9,000
Restated balance		13,653,475
	2019 R	2018 R
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	7,415,488	13,653,475
Unpaid Conditional Government Grants and Receipts	-	-
Total	7,415,488	13,653,475
	2019 R	2018 R
28. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
Other contributed assets	-	40,439
Total Contributed Property, Plant and Equipment	-	40,439
	2019 R	2018 R
<u>Disclosed as follows:</u>		
Revenue from Non-Exchange Transactions	-	40,439
Revenue from Exchange Transactions	-	-
Total Contributed Property, Plant and Equipment	-	40,439

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
29. SERVICE CHARGES		
Electricity	369,410,647	337,669,912
Water	44,391,373	27,387,542
Waste Management	29,635,935	21,892,475
Waste Water Management	33,526,298	31,594,659
	<u>476,964,253</u>	<u>418,544,589</u>
Less: Rebates	(23,241,692)	(19,693,137)
	<u>453,722,561</u>	<u>398,851,451</u>
Balance previously reported		399,062,336
Correction of Error - Refer to Note 48.13		(210,885)
Restated balance		<u>398,851,451</u>

Revenue Forgone can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

	2019 R	2018 R
30. SALES OF GOODS AND RENDERING OF SERVICES		
Application Fees for Land Usage	1,083,050	732,942
Building Plan Approval	1,078,516	1,132,258
Building Plan Clause Levy	66,510	69,351
Cemetery and Burial	571,201	567,086
Connection Fees	4,896,118	4,046,222
Development Charges	5,012,695	6,005,092
Fire Services	89,215	84,066
Photocopies and Faxes	105,397	88,936
Re-connection fees	482,673	366,910
Rendering of Services	2,203,048	2,954,618
Valuation Services	161,089	155,703
	<u>15,749,511</u>	<u>16,203,184</u>
Total Sales of Goods and Rendering of Services		
		<u>16,206,578</u>
Balance previously reported		16,206,578
Correction of Error - Refer to Note 48.30		(3,395)
Restated balance		<u>16,203,184</u>

	2019 R	2018 R
31. RENTAL FROM FIXED ASSETS		
Investment Property	1,619,767	1,566,715
Property, Plant and Equipment	1,543,441	1,321,182
	<u>3,163,208</u>	<u>2,887,897</u>
Total Rental from Fixed Assets		

	2019 R	2018 R
32. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	4,327,686	3,353,636
Financial assets	8,770,910	7,419,757
	<u>13,098,597</u>	<u>10,773,393</u>
Total Interest Earned - External Investments		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
33. INTEREST EARNED FROM EXCHANGE AND NON-EXCHANGE TRANSACTIONS		
33.1 <u>Interest Earned - Exchange Transactions</u>		
Trade and Other Receivables	2,177,347	2,143,978
33.2 <u>Interest Earned - Non-exchange Transactions</u>		
Trade and Other Receivables	558,892	464,514
Total Interest Earned - Outstanding Receivables	2,736,239	2,608,492
	2019 R	2018 R
34. OPERATIONAL REVENUE		
Commission	261,625	239,383
Contribution to Provision	5,505,930	2,048,007
Insurance Refund	781,778	1,315,543
Public Contributions and Donations	32,367	-
Staff Recoveries	198,602	60,584
Total Operational Revenue	6,780,302	3,663,517
Balance previously reported		1,615,510
Correction of Error - Refer to note 48.25		2,048,007
Restated balance		3,663,517
	2019 R	2018 R
35. EMPLOYEE RELATED COSTS		
Permanent Employee Related Cost	181,681,926	166,857,736
Basic Salaries and Wages	114,477,263	103,824,017
Pension and UIF Contributions	21,255,702	19,438,766
Medical Aid Contributions	5,924,847	5,521,499
Overtime	7,995,442	7,120,450
Bonuses	9,679,002	8,616,704
Motor Vehicle Allowance	5,509,980	5,420,176
Cell Phone Allowance	764,628	621,157
Housing Allowances	1,831,259	1,710,228
Long service awards	889,347	825,092
Other benefits and allowances	4,518,556	4,394,814
Leave reserve fund	5,654,519	6,175,937
Workmen's Compensation Fund	1,096,091	924,204
Post-retirement Benefit Obligations	2,085,290	2,264,694
	181,681,926	166,857,736
Temporary Employee Related Cost	5,083,162	5,746,755
Basic Salaries and Wages	4,682,079	5,414,220
Pension and UIF Contributions	48,328	47,090
Overtime	179,524	101,941
Leave reserve fund	172,820	183,223
Other benefits and allowances	411	281
	5,083,162	5,746,755
Total Employee Related Costs	186,765,088	172,604,491
Balance previously reported		169,967,773
Correction of Error - Refer to note 48.15		2,636,718
Restated balance		172,604,491

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

35. EMPLOYEE RELATED COSTS (CONTINUE)

KEY MANAGEMENT PERSONNEL

The Municipal Manager is appointed on a 5-year fixed term contract, the other 5 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

	2019 R	2018 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Mr SA Mokweni</i>		
Basic Salary	1,427,322	1,455,745
Pension and UIF Contributions	259,024	264,140
Medical Aid Contributions	-	-
Performance Bonus	91,394	85,129
Motor Vehicle Allowance	108,000	108,000
Cell Phone Allowance	58,909	54,000
Payments in lieu of leave	-	-
Total	1,944,649	1,967,013
<i>Remuneration of the Chief Financial Officer - Mr B Brown</i>		
Basic Salary	1,111,153	1,124,119
Pension and UIF Contributions	202,113	204,447
Medical Aid Contributions	-	-
Performance Bonus	70,028	52,182
Motor Vehicle Allowance	72,000	72,000
Cell Phone Allowance	44,746	41,017
Payments in lieu of leave	47,952	21,547
Total	1,547,992	1,515,313
<i>Remuneration of Director Corporate Services - Mr AWJ Everson</i>		
Basic Salary	1,181,269	1,098,184
Pension and UIF Contributions	214,734	199,779
Medical Aid Contributions	-	-
Performance Bonus	70,028	52,182
Motor Vehicle Allowance	102,603	102,603
Cell Phone Allowance	44,746	41,017
Payments in lieu of leave	-	-
Total	1,613,381	1,493,766
<i>Remuneration of Director Community Services - Mrs EC Liebenberg (01 July 2017 to 30 March 2018)</i>		
Basic Salary	-	828,111
Pension and UIF Contributions	-	150,639
Medical Aid Contributions	-	21,562
Overtime	-	-
Performance Bonus	-	52,182
Motor Vehicle Allowance	-	50,113
Cell Phone Allowance	-	30,889
Payments in lieu of leave	-	161,604
Total	-	1,295,100
Balance previously reported		1,132,438
Correction of Error - Refer to note 48.24.2		162,662
Restated balance		1,295,100

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
35. EMPLOYEE RELATED COSTS (CONTINUE)		
<i>Remuneration of Director Community Services - M Mgajo (01 September 2018 to 30 June 2019)</i>		
Basic Salary	805,526	-
Pension and UIF Contributions	146,574	-
Medical Aid Contributions	38,538	-
Performance Bonus	-	-
Motor Vehicle Allowance	44,534	-
Cell Phone Allowance	37,288	-
Payments in lieu of leave	-	-
Total	1,072,461	-
	2019 R	2018 R
<i>Remuneration of Director Engineering Services - Mr IAB van der Westhuizen</i>		
Basic Salary	1,225,431	1,142,209
Pension and UIF Contributions	222,683	207,703
Medical Aid Contributions	45,846	42,098
Performance Bonus	70,144	52,268
Motor Vehicle Allowance	7,125	10,873
Cell Phone Allowance	44,746	42,216
Payments in lieu of leave	-	-
Total	1,615,975	1,497,368
Balance previously reported		1,496,169
Correction of Error - Refer to note 48.24.2		1,199
Restated balance		1,497,368
	2019 R	2018 R
<i>Remuneration of Director Strategy and Social Development - Mrs CO Matthys</i>		
Basic Salary	1,185,576	1,102,354
Pension and UIF Contributions	215,510	200,530
Medical Aid Contributions	-	-
Performance Bonus	56,115	52,268
Motor Vehicle Allowance	100,000	100,000
Cell Phone Allowance	44,746	41,017
Payments in lieu of leave	57,734	-
Total	1,659,681	1,496,169

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
36.	REMUNERATION OF COUNCILLORS		
HM Jansen	Executive Mayor	903,871	870,814
GD Joubert	Deputy Executive Mayor	731,975	705,529
SW van Eeden	Speaker	731,975	705,529
EMJ Scheffers	Member of Executive Mayoral Committee	689,003	664,211
SW Strauss	Member of Executive Mayoral Committee	689,003	664,211
DB Janse	Member of Executive Mayoral Committee	689,003	664,211
JD Burger	Member of Executive Mayoral Committee	689,003	664,211
SJ Malgas	Member of Council and Section 79 Chair	-	168,429
WZ Nyamana	Member of Council and Section 79 Chair (1 Dec 2015 - 2 Oct 2018)	100,520	380,030
J Kriel	Member of Council and Section 79 Chair	393,455	380,030
P Hess	Member of Council and Section 79 Chair	393,455	380,030
NJ Beginsel	Member of Council and Section 79 Chair	393,455	380,030
LM Swanepoel	Member of Council and Section 79 Chair	393,455	380,030
H Mangenengene	Member of Council and Section 79 Chair	393,455	155,392
JDF Van Zyl	Member of Council and Section 79 Chair	359,584	305,929
CJ Grootboom	Member of Council	316,390	305,929
AJ Shibili	Member of Council	316,390	305,929
AS Mbi	Member of Council (1 Aug 2016 - 30 Sept 2018)	79,098	305,929
JS Mafilika	Member of Council	316,390	305,929
TM van der Merwe	Member of Council	316,390	305,929
E Bosjan	Member of Council	316,390	305,929
BH Nteta	Member of Council	316,390	305,929
JJJS Januarie	Member of Council	316,390	305,929
S du Plessis	Member of Council	316,390	305,929
OC Simpson	Member of Council	224,796	-
DJW Kuhn	Member of Council	151,766	-
Total Councillors' Remuneration		10,537,992	10,221,977
Balance previously reported			10,202,437
Correction of Error - Refer to note 48.16			19,540
Restated balance			10,221,977

(*) Disclosed on page 2 are the members as at 30 June 2019, note 36 discloses all the members that served during the year under review.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

36. REMUNERATION OF COUNCILLORS (CONTINUE)

Remuneration paid to Councillors can be summarised as follow:

30 June 2019

	Salary	Travel Allowance	Other Allowances	Pension and Medical Aid contributions	Total
Executive Mayor	712,036	48,186	44,400	99,249	903,871
Deputy Executive Mayor	622,860	18,000	44,400	46,715	731,975
Speaker	494,674	96,440	44,400	96,461	731,975
Chief Whip	-	-	-	-	-
Executive Mayoral Committee Members	2,064,615	149,003	177,600	364,795	2,756,012
Section 79 Committee Chairperson	1,786,669	80,214	258,037	142,863	2,267,783
Councillors	2,285,976	74,119	441,718	344,562	3,146,376
Total Councillors' Remuneration	7,966,829	465,962	1,010,555	1,094,645	10,537,992

30 June 2018

	Salary	Travel Allowance	Other Allowances	Pension and Medical Aid contributions	Total
Executive Mayor	681,286	52,070	82,762	54,696	870,814
Deputy Executive Mayor	598,260	18,000	44,400	44,869	705,529
Speaker	472,543	96,440	44,400	92,146	705,529
Chief Whip	-	-	-	-	-
Executive Mayoral Committee Members	1,971,251	149,917	177,600	358,075	2,656,844
Section 79 Committee Chairperson	1,617,335	75,707	241,716	153,361	2,088,119
Councillors	2,251,755	108,782	466,584	368,021	3,195,142
Total Councillors' Remuneration	7,592,429	500,916	1,057,462	1,071,169	10,221,977

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Mayoral Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality.

37. BAD DEBTS WRITTEN OFF

Receivables from Exchange Transactions - Note 11
Receivables from Non-exchange Transactions - Note 12

2019 R	2018 R
14,244,600	1,474,570
4,424,683	7,628,132
18,669,283	9,102,701
Balance previously reported	9,100,016
Correction of Error - Refer to note 48.22	2,685
Restated balance	9,102,701

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
38. CONTRACTED SERVICES		
Outsourced Services	4,667,250	2,042,411
Business and Advisory	3,180,267	1,702,757
Other outsourced services	1,486,984	339,654
Consultants and Professional Services	5,643,511	7,043,895
Business and Advisory	2,917,380	5,169,529
Legal Cost	626,270	962,727
Other consultants and professional services	2,099,862	911,639
Contractors	13,151,564	12,396,915
Maintenance of assets	9,906,987	8,117,073
Other contractors	3,244,577	4,279,843
Total Contracted Services	23,462,325	21,483,221
Balance previously reported		24,119,939
Correction of Error - Refer to note 48.21		(2,636,718)
Restated balance		21,483,221

Other outsourced services consists of services related to burials, clearing and grass cutting, hygiene services, translators and scribes, transport services and other outsourced services.

Other consultants and professional services consists of services related to infrastructure and planning, laboratory services and other professional services.

Other contractors consist of services related to security and safeguarding, management of informal settlements, catering services, employee wellness and other incidental services provided.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
39. DEPRECIATION AND AMORTISATION		
Property, Plant and Equipment	24,874,295	25,379,950
Intangible Assets	129,216	56,456
Investment Property carried at cost	50,868	49,582
Total Depreciation and Amortisation	25,054,379	25,485,988
Balance previously reported		25,545,556
Correction of Error - Refer to note 48.17		(59,568)
Restated balance		25,485,988
	2019 R	2018 R
40. FINANCE CHARGES		
Long-term Borrowings	1,658,073	2,258,308
Non-current Provisions	3,750,066	3,645,104
Non-current Employee Benefits	5,828,904	5,705,276
Unamortised Discount - Interest	58,605	15,610
Total Finance Charges	11,295,649	11,624,298
Balance previously reported		11,527,664
Reclassification of balance previously reported for Unamortised Discount - Refer to note 47		15,610
Balance previously reported, now reclassified		11,543,274
Correction of Error - Refer to Note 48.18		81,024
Restated balance		11,624,298
	2019 R	2018 R
41. BULK PURCHASES		
Electricity	289,899,530	263,452,157
Water	3,100,014	2,740,638
Total Bulk Purchases	292,999,544	266,192,795
Balance previously reported		266,195,417
Correction of Error - Refer to Note 48.27		(2,622)
Restated balance		266,192,795
	2019 R	2018 R
42. TRANSFERS AND SUBSIDIES		
Capital	-	-
Allocations In-kind	-	-
Monetary Allocations	-	-
Operational	1,765,021	1,819,542
Allocations In-kind	13,034	-
Households	13,034	-
Monetary Allocations	1,751,986	1,819,542
Departmental Agencies and Accounts	-	200,000
Households	838,292	221,390
Non-profit Institutions	726,054	914,478
Private Enterprises	187,640	327,500
Destitute Grants	-	156,174
Total Transfers and Subsidies	1,765,021	1,819,542

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
43. OPERATIONAL COSTS		
Advertising, Publicity and Marketing	1,590,807	1,321,511
Audit Fees	4,462,503	3,427,152
Bank Charges, Facility and Card Fees	1,124,375	932,752
Bursaries (Employees)	112,927	95,344
Cleaning Services	2,725	7,809
Commission	3,305,539	3,197,273
Cost relating to the Sale of Houses	141,429	81,575
Courier and Delivery Services	2,039	6,815
Communication	2,172,948	1,905,058
Copy Right Fees	-	37,280
Deeds	42,241	-
Eskom Connection Fees	-	66,991
Entertainment	22,630	44,557
External Computer Service	4,048,239	3,427,427
Fines and Penalties	7,100	-
Full Time Union Representative	141,569	151,068
Hire Charges	416,759	987,293
Insurance Underwriting	3,798,851	3,239,533
Land Alienation Costs	1,397,969	-
Licences and Permits	588,480	594,914
Loss on Cancelled Operating Lease Contracts	-	3,530
Office Decorations	2,795	-
Operating lease expenditure	563,799	-
Printing, Publications and Books	433,406	860,195
Professional Bodies, Membership and Subscription	2,199,023	1,916,496
Registration Fees	47,075	893,254
Remuneration to Ward Committees	611,000	656,500
Resettlement Cost	-	3,950
Search Fees	98,162	-
Servitudes and Land Surveys	79,058	93,240
Signage	52,278	-
Skills Development Fund Levy	1,590,375	1,461,214
System Access and Information Fees	-	96,515
Transport Provided as Part of Departmental Activities	9,000	130,792
Travel and Subsistence	647,613	474,031
Uniform and Protective Clothing	1,292,710	871,591
Vehicle Tracking	153,872	150,057
Wet Fuel	7,993,233	7,017,022
Witness Fees	270	-
Total Operational Costs	39,152,797	34,152,741
Balance previously reported		33,765,165
Correction of Error - Refer to Note 48.20		387,577
Restated balance		34,152,741

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Certain reclassifications took place in the Annual Financial statements due to Implementation of latest GRAP template.

	Balance previously reported	Adjustments	Restated Balance
Statement of Financial Performance			
Finance Costs	11,527,664	15,610	11,543,274
Unamortised Discount - Interest	(58,317)	58,317	-
Unamortised Discount - Interest paid	73,927	(73,927)	-
		<u>-</u>	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

48. CORRECTION OF ERROR IN TERMS OF GRAP 3

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:

	2018 R
48.1 Property, Plant and Equipment	
Balance previously reported	633,371,235
Reclassification of balance previously reported for Capitalised Restoration Cost to PPE - see note 47	4,058,270
Balance previously reported, now reclassified	637,429,505
Correction of error relating to the landfill site asset Cost 1 Jul 2017 - JI 27038	4,201,221
Correction of error relating to the landfill site asset Cost 2017/2018 - JI 27038	643,347
Correction of error relating to the landfill site asset Accumulated Impairment 1 Jul 2017 - JI 27038	183,405
Correction of error relating to the landfill site asset Accumulated Depreciation - JI 27038	(2,742,651)
Correction of error relating to the landfill site asset depreciation for 2017/2018 - JI 27038	(158,803)
Correction of Accumulated depreciation on leased assets incorrectly calculated in 2017/2018 - JI 14916	6,674
Correction of Community Assets Open Spaces as part of McGregor housing project incorrectly recognised as inventory 1 Jul 2017 - JI 27091	1,009,258
Correction of error relating to vacant plots in Bonnievale incorrectly recognised as inventory - JI 27091	2,318,134
Correction of error relating the depreciation of the disposal of a damaged vehicle - JI 14936	2,490
Correction of error relating the accumulated depreciation of the disposal of a damaged vehicle - JI 14936	17,945
Correction of error relating the cost of the disposal of a damaged vehicle - JI 14936	(92,982)
Restated Balance	642,817,544
Correction of error - Refer to note 2	
Correction of errors to Property, plant and equipment.	
48.2 Investment Property	
Balance previously reported	26,901,486
Correction of Investment Property as part of McGregor housing project incorrectly not recognised as investment property - JI 27091	474,335
Correction of error relating to vacant plots in Bonnievale incorrectly not recognised as Investment Property - JI 27093	1,109,500
Restated Balance	28,485,321
Correction of error - Refer to note 3	
Correction of Investment Property as part of housing projects previously not recognised as investment property.	
48.3 Inventory	
Balance previously reported	22,850,263
Correction of Land and roads as part of McGregor housing project incorrectly recognised as inventory - JI 27091	(3,801,728)
Correction of Inventory that should have been transferred in 2017/18 - JI 27092	(2,498,845)
Correction of error relating to vacant plots in Bonnievale incorrectly recognised as inventory - JI 27093	(2,109,500)
Correction of error relating to the prior year calculation of compost inventory - JI 27109	2,312
Correction of error relating to the prior year calculation of water inventory - JI 27114	(32,003)
Restated Balance	14,410,500
Correction of error - Refer to note 10	
Corrections of prior year errors relating to inventory.	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2018
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.4 Receivables from Exchange Transactions

Balance previously reported	41,368,502
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings 1 Jul 2017 - JI 25473	(2,236,430)
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings 2017/2018 - JI 25473	(240,409)
Correction of previous year error on the treatment of bad debts - JI 27089	27,071
Correction of previous year classification between exchange and non-exchange receivables - No Jnl required	657,438
Restated Balance	39,576,172

Correction of error - Refer to note 11
Corrections of prior year errors relating to Receivables from exchange transactions.

2018
R

48.5 Receivables from Non-Exchange Transactions

Balance previously reported	7,239,298
Correction of previous year error on the treatment of bad debts - JI 27090	(2,685)
Correction of previous year classification between exchange and non-exchange receivables - No Jnl required	(657,438)
Restated Balance	6,579,174

Correction of error - Refer to note 12
Corrections of prior year errors relating to Receivables from non-exchange transactions.

2018
R

48.6 Operating Lease Asset

Balance previously reported	101,600
Additional Operating lease contracts not included in previous years working papers - JI24870	557
Restated Balance	102,156

Correction of error - Refer to note 9
Corrections of prior year errors relating to Operating Lease asset transactions.

2018
R

48.7 Non-Current Provisions

Balance previously reported	54,181,595
Correction of error relating to the landfill site provision calculation - JI 27038	(4,675,531)
Restated Balance	49,506,064

Correction of error, refer to note 15
Corrections of prior year errors relating to non-current Provisions.

2018
R

48.8 Provisions

Balance previously reported	9,121,714
Correction of error relating to the landfill site provision calculation - JI 27038	2,348,910
Restated Balance	11,470,624

Correction of error, refer to note 18
Corrections of prior year errors relating to Provisions.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2018
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.9 Current Employee Benefits

Balance previously reported	17,754,544
Correction of Performance bonuses of the previous year from Staff bonuses - JI tba	61,318
Correction of Staff bonuses of the previous year to Performance Bonusses - JI tba	(61,318)
Restated Balance	17,754,544

Correction of error, refer to note 19
Corrections of prior year errors relating to current employee benefits.

2018
R

48.10 Trade and Other Payables from Exchange Transactions

Balance previously reported	64,490,166
Correction of Councillor Mangelengene's remuneration of 2017/2018 - JI 26215	19,540
Derecognition of retention relating to capital housing projects - JI 26631	(192,757)
Correction of SDL payments - JI 26254	24,887
Correction of SDL payments - JI 26254	22,076
Correction of prior year Payments received in advance from - JI 27065	1,016,410
Correction of prior year Payments received in advance moved to - JI 27065	(1,016,410)
Correction of prior year error relating to Arangieskop hiking trail fees payable - JI 26632	98,647
Restated Balance	64,462,559

Correction of error, refer to note 20
Corrections of prior year errors relating to Trade and other Payables.

2018
R

48.11 Unspent Transfers and Subsidies

Balance previously reported	13,644,475
Correction of revenue over-recognition of Cape Winelands grant - JI 20780	9,000
Restated Balance	13,653,475

Correction of error, refer to note 21
Corrections of prior year errors relating to Unspent Transfers and Subsidies.

2018
R

48.12 Taxes

Balance previously reported	2,209,480
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings 1 Jul 2017- JI 25473	274,649
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings 2017/2018 - JI 25473	29,524
Restated Balance	2,513,653

Correction of error, refer to note 23
Corrections of prior year errors relating to taxes.

2018
R

48.13 Service Charges

Balance previously reported	399,062,336
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings - JI 25473	(210,885)
Restated Balance	398,851,451

Correction of error, refer to note 29
Corrections of prior year errors relating to service charges.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2018
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.14 Government Grants and Subsidies

Balance previously reported

124,006,208

Correction of revenue over-recognition of Cape Winelands grant - JI 20780

(9,000)

Restated Balance

123,997,208

Correction of error, refer to note 27

Corrections of prior year errors relating to Government Grants and subsidies.

2018
R

48.15 Employee Related Cost

Balance previously reported

169,967,773

Correction of prior year temporary employees incorrectly classified as contracted services - JI 26244

2,636,178

Restated Balance

172,604,491

Correction of error, refer to note 35

Corrections of prior year errors relating to employee related costs.

2018
R

48.16 Remuneration of Councillors

Balance previously reported

10,202,437

Correction of Councillor Mangenengene's remuneration of 2017/2018 - JI 26215

19,540

Restated Balance

10,221,977

Correction of error, refer to note 36

Councillor Mangenengene was elected as a Section 79 chair effective 27 March 2018 but her remuneration remained on a Part time Councillor package in the disclosure note.

2018
R

48.17 Depreciation and Amortisation

Balance previously reported

25,545,556

Correction of Accumulated depreciation on leased assets incorrectly calculated in 2017/2018 - JI 14916

(6,674)

Correction of error relating to the landfill site asset depreciation for 2017/2018 - JI 27038

158,803

Correction of error relating to the derecognition of intangible assets - JI 14942

(209,207)

Correction of error relating to the disposal of a damaged vehicle - JI 14937

(2,490)

Restated Balance

25,485,988

Correction of error, refer to note 39

Corrections of prior year errors relating to depreciation.

2018
R

48.18 Finance Charges

Balance previously reported

11,527,664

Reclassification of balance previously reported for Capitalised Restoration Cost to PPE - see note ...

15,610

Balance previously reported, now reclassified

11,543,274

Correction of error relating to the landfill site interest - JI 27037

78,403

Correction of finance charges incorrectly included in Bulk purchases - JI 27087

2,622

Restated Balance

11,624,298

Correction of error, refer to note 40

Corrections of prior year errors relating to Finance Charges.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2018
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.19 Inventory Consumed

Balance previously reported

63,907,534

Correction of housing stock not recognised as complete - JI 27092

2,530,848

Correction of error relating to the prior year calculation of compost inventory - JI 27109

(2,312)

Correction of error relating to the prior year calculation of water inventory - JI 27114

32,003

Restated Balance

66,468,072

Correction of error, refer to note 10

Corrections of prior year errors relating to Inventory Consumed.

2018
R

48.20 Operational Cost

Balance previously reported

33,765,165

Correction of error relating to the landfill site contribution of the previous year - JI 27038

(476,254)

Derecognition of Computer licences cost incorrectly included under intangible assets 2017/2018 - JI 14942

863,831

Restated Balance

34,152,741

Correction of error, refer to note 43

Corrections of prior year errors relating to Operational Cost.

2018
R

48.21 Contracted Services

Balance previously reported

24,119,939

Correction of prior year temporary employees incorrectly classified as contracted services - JI 26244

(2,636,718)

Correction of prior year Translator/Scribe to correct Contracted Services Type. - JI 26249

12,500

Correction of prior year Translator/Scribe to correct Contracted Services Type. - JI 26249

(12,500)

Restated Balance

21,483,221

Correction of error, refer to note 38

Corrections of prior year errors relating to Contracted Services. Within the amount is the amount from repairs and maintenance note 2.6 that was also affected.

2018
R

48.22 Bad debts

Balance previously reported

9,100,016

Correction of previous year error on the treatment of bad debts - JI 27090

2,685

Restated Balance

9,102,701

Correction of error, refer to note 37

Corrections of prior year errors relating to Bad debts.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2018
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.23 Accumulated Surplus/(Deficit) - 1 July 2017

Balance previously reported	598,315,184
Correction of Electricity service charges for exchange debtor De Wets Hof due to inaccurate meter readings - JI 25473	(1,961,781)
Correction of error relating to the landfill site provision calculation - JI 27038, JI 27060, JI 27075	524,108
Correction of error relating to the landfill site asset cost - JI 27038, JI 27060, JI 27075	4,201,221
Correction of error relating to the landfill site asset Depreciation and Impairment - JI 27038, JI 27060, JI 27075	(2,559,247)
The Silver Strand Home Owners Association had to make a contribution for the construction of infrastructure - JI 24873.	62,849
The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality - JI 24873.	621,481
Additional Operating lease contracts not included in previous years working papers - JI24870	557
Derecognition of retention relating to capital housing projects - JI 26631	192,757
Correction of prior period error: vacant plots in Bonnievale incorrectly recognised as inventory - JI 27093	(1,000,000)
Correction of previous year error on the treatment of bad debts - JI 27089	27,071
Correction of SDL payments - JI 26254	(24,887)
Correction of SDL payments - JI 26254	(22,076)
Derecognition of Computer licences cost incorrectly included under intangible assets - JI 14943	(629,180)
Derecognition of Computer licences accumulated depreciation incorrectly included under intangible assets - JI 14943	559,615
Total	598,307,672

2018
R

48.24 Annual Financial Statement Disclosures

48.24.1 VAT - [MFMA 125 (1)(c)]

Balance previously reported	(2,202,351)
Disclosure corrected due to prior year error passed in note 23	304,173
Restated Balance	(1,898,178)

Correction of error, refer to note 55.3
Correction of disclosures of VAT affecting additional disclosures ito of MFMA.

48.24.2 Disclosure of Key Management Personnels Remuneration

Remuneration of Director Community Services - Mrs EC Liebenberg (01 July 2017 to 30 March 2018)

Balance previously reported	1,132,438
Prior year remuneration disclosed incorrectly, no financial impact.	162,662
Restated balance	1,295,100

Correction of error, refer to note 35.
Correction of disclosure of Key Management personnel.

Remuneration of Director Engineering Services - Mr IAB van der Westhuizen

Balance previously reported	1,496,169
Prior year remuneration disclosed incorrectly, no financial impact.	1,199
Restated balance	1,497,368

Correction of error, refer to note 35.
Correction of disclosure of Key Management personnel.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2018
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.24.3 Disclosure of Property, plant and equipment which is in the process of being constructed or developed.

Balance previously reported

13,416,208

Prior year total of the note was incorrectly cast, no financial impact.

1,902,913

Restated balance

15,319,121

Correction of error, refer to note 35.

Correction of disclosure of Key Management personnel.

2018
R

48.24.4 Disclosure of names of Government Grants and Subsidies

CWDM: Upgrade of Ablution Facilities at King Edward Sport Grounds

Balance previously reported

50,000

This grant should have been combined with the Project Assistance CWDM grant which has since been renamed to CWDM: King Edward Sport Grounds Upgrade.

(50,000)

Restated balance

-

Correction of error, refer to note 27.15

Correction of disclosure of Government Grants and Subsidies

Project assistance-CWDM, now named as CWDM: Kind Edward Sport Grounds Upgrade

Balance previously reported, after prior period error 27.18

450,000

This is the grant amount of CWDM: Upgrade of Ablution Facilities at King Edward Sports Grounds that should have been combined with this grant.

50,000

Restated balance

500,000

Correction of error, refer to note 27.18

Correction of disclosure of Government Grants and Subsidies

2018
R

48.24.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Balance previously reported

23,762,070

The previous years Pension and Medical Aid Deductions - MFMA 125 (1) C disclosure was incorrectly stated as R23 762 070. This has now been corrected, and has no financial impact.

(107,118)

Restated balance

23,654,952

Correction of error, refer to note 55.5

Correction of disclosure of Government Grants and Subsidies

2018
R

48.25 Operational Revenue

Balance previously reported

1,615,510

Correction of error relating to the landfill site provision calculation due to changes in discount rate - JI 27038, JI 27060, JI 27075

2,048,007

Restated Balance

3,663,517

Correction of error, refer to note 34

Correction of prior year errors relating to Operational Revenue.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2018
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.26 Intangible Assets

Balance previously reported	1,316,295
Decrease in Cost of prior year intangible asset due to the disposal not being accounted for in the note.	(33,519)
Decrease in Accumulated Depreciation of prior year intangible asset due to the disposal not being accounted for the note.	33,518
Derecognition of Computer licences cost incorrectly included under intangible assets 2016/2017 - JI 14943	(629,180)
Derecognition of Computer licences accumulated depreciation incorrectly included under intangible assets 2016/17 - JI 14943	559,615
Derecognition of Computer licences cost incorrectly included under intangible assets 2017/2018 - JI 14942	(863,831)
Derecognition of Computer licences depreciation incorrectly included under intangible assets 2017/2018 - JI 14942	209,207
Restated Balance	592,105

Correction of error, refer to note 4
Correction of prior year errors relating to Intangible Assets.

2018
R

48.27 Bulk Purchases

Balance previously reported	266,195,417
Correction of finance charges incorrectly included in Bulk purchases - JI 27087	(2,622)
Restated Balance	266,192,795

Correction of error, refer to note 41
Correction of prior year errors relating to Bulk Purchases.

2018
R

48.28 Unspent Public Contributions

Balance previously reported	684,330
The Silver Strand Home Owners Association had to make a contribution for the construction of infrastructure - JI 24873.	(62,849)
The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality - JI 24873.	(621,481)
Restated Balance	-

Correction of error, refer to note 22
The amounts were recognised as revenue as there are no more pending conditions to be met against the grants, in the case of the Silverstrand grant the municipality has spent money through its CRR in previous years on bulk infrastructure. An amount equivalent to the amount recognised for the arts and crafts project is cash backed in the CRR if the need arises for a similar project in the future.

2018
R

48.29 Gains/(Loss) on disposal of Property, Plant and Equipment

Balance previously reported	7,945,336
Correction of loss on disposal of PPE for the 2017/2018 financial year - JI14944	(75,037)
Restated Balance	7,870,298

Correction of error, refer to note 2
Correction of prior year errors relating to gains/(losses) of Property, Plant and Equipment.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2018
R

48. CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

48.30 Dividends

Balance previously reported

Correction of prior year error relating to dividends not being disclosed separately.

Restated Balance

3,395

3,395

Correction of error, refer to note 6

Correction of prior year error relating to dividends not being disclosed separately.

2018
R

48.31 Licences and Permits

Balance previously reported

Correction of prior year error relating to Arangieskop hiking trail fees payable - JI 26632

Restated Balance

1,038,901

(98,647)

940,255

Correction of error, refer to note 48.10

Correction of prior year error relating to Licences and Permits.

2019
R

2018
R

49. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus/(Deficit) for the year

99,055,133

10,038,647

Adjustments for:

Depreciation and Amortisation

25,054,378

25,485,992

Loss/(Gain) on Sale of Fixed Assets

(1,483,255)

(7,870,298)

Impairment Loss/(Reversal of Impairment Loss)

71,313

67,460

Contributed Property, Plant and Equipment

-

(40,439)

Fair Value Adjustments

13,353

(3,821)

Government Grants and Subsidies received

153,458,224

135,184,533

Government Grants and Subsidies recognised as revenue

(159,636,211)

(123,997,208)

Repaid to Revenue Fund

(60,000)

(297,571)

Write-off of Grants

-

(311,476)

Contribution to provisions – Non-Current Provisions

3,750,066

3,645,104

Non-cash change in landfill site obligation due to discount rate

(5,505,930)

(2,048,007)

Contribution from/to provisions - Non-Current Employee Benefits

5,386,728

5,995,517

Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses

2,615,533

335,235

Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains

(9,772,402)

(4,348,861)

Contribution from/to - Current Employee Benefits

1,458,244

2,526,265

Contribution to provisions – Bad Debt

5,438,588

-

Reversal of Provision for Bad Debt

(2,585,060)

-

Bad Debts written off

18,669,283

9,102,701

Debt Impairment

-

(294,800)

Unamortised Discounts

58,605

15,610

Operating lease income accrued

5,143

(5,776)

Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value

(30,438)

304,545

Operating Surplus/(Deficit) before changes in working capital

135,961,295

53,483,352

Changes in working capital

(34,644,838)

22,369,847

Increase/(Decrease) in Trade and Other Payables

6,155,343

(7,183,079)

Increase/(Decrease) in Taxes

1,043,072

(429,757)

(Increase)/Decrease in Inventory

(10,065,978)

31,930,604

(Increase)/Decrease in Trade Receivables from Exchange Transactions

(23,178,165)

2,149,072

(Increase)/Decrease in Other Receivables from Non-Exchange Transactions

(10,823,729)

(4,195,942)

(Increase)/Decrease in Non-current Receivables from exchange and non-exchange

2,224,619

98,949

Cash generated/(absorbed) by operations

101,316,457

75,853,199

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
50. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 13	24,642,305	19,089,790
Call Deposits and Investments - Note 13	130,051,054	130,034,742
Cash Floats - Note 13	10,300	10,300
Total cash and cash equivalents	154,703,659	149,134,832
	2019 R	2018 R
51. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 13	154,703,659	149,134,832
Investments	113,289	126,641
Less:	(7,415,488)	(13,653,475)
Unspent Transfers and Subsidies - Note 21	(7,415,488)	(13,653,475)
Net cash resources available for internal distribution	147,401,461	135,607,999
Allocated to:		
Capital Replacement Reserve	(62,921,000)	(56,421,002)
Current Provisions	(36,964,414)	(31,196,423)
Current Portion of Long-term Borrowings	(3,199,081)	(4,516,800)
Resources available for working capital requirements	44,316,965	43,473,773
	2019 R	2018 R
52. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 14	16,026,182	18,658,720
Used to finance property, plant and equipment - at cost	(16,026,182)	(18,658,720)
	-	-
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
53.	BUDGET INFORMATION		
53.1	Explanation of variances between approved and final budget amounts		

The reasons for the variances between the approved and final budgets are mainly due to virements.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

	2019 R (Actual)	2019 R (Budget)	2019 R Variance	2019 R (%)
53.2 Operational				
Revenue by source				
Property Rates	52,679,495	52,862,690	(183,195)	-0.35%
Government Grants and Subsidies	159,636,211	169,201,019	(9,564,808)	-5.65%
Interest Earned - Non-exchange Transactions	558,892	603,810	(44,918)	-7.44%
Actuarial Gains	9,772,402		9,772,402	100.00%
Availability Fees	2,557,480	4,722,050	(2,164,570)	-45.84%
Fines	5,476,744	5,411,466	65,278	1.21%
Service Charges	453,722,561	456,060,500	(2,337,939)	-0.51%
Rental from Fixed Assets	3,163,208	4,748,100	(1,584,892)	-33.38%
Dividends	2,660	-	2,660	100.00%
Interest Earned - external investments	13,098,597	7,712,110	5,386,487	69.84%
Interest Earned - Exchange Transactions	2,177,347	2,077,760	99,587	4.79%
Licences and Permits	1,453,966	1,327,530	126,436	9.52%
Agency Services	4,144,683	5,680,100	(1,535,417)	-27.03%
Sales of Goods and Rendering of Services	15,749,511	8,689,450	7,060,061	81.25%
Operational Revenue	6,780,302	4,913,010	1,867,292	38.01%
	<u>730,974,058</u>	<u>724,009,595</u>	<u>6,964,463</u>	<u>0.96%</u>
Expenditure by nature				
Employee related costs	186,765,088	189,026,989	(2,261,901)	-1.20%
Remuneration of Councillors	10,537,992	10,571,398	(33,406)	-0.32%
Bad Debts Written Off	18,669,283	8,746,397	9,922,886	0.09%
Depreciation and Amortisation	25,054,379	27,986,690	(2,932,311)	-10.48%
Inventory Consumed	18,176,815	23,633,593	(5,456,778)	-23.09%
Actuarial losses	2,615,533	-	2,615,533	100.00%
Finance Charges	11,295,649	11,524,658	(229,009)	-1.99%
Bulk Purchases	292,999,544	289,862,540	3,137,004	1.08%
Contracted services	23,462,325	52,795,157	(29,332,832)	-55.56%
Transfers and Subsidies	1,765,021	8,263,050	(6,498,029)	-78.64%
Operational Costs	39,152,797	53,471,066	(14,318,269)	-26.78%
	<u>630,494,425</u>	<u>675,881,538</u>	<u>(45,387,113)</u>	<u>-6.72%</u>
Operating Surplus/(Deficit) for the Year	100,479,633	48,128,057	52,351,576	108.78%
Inventories: (Write-down)/Reversal of Write-down to Net Realisable Value	30,438		30,438	100.00%
Reversal of Impairment Loss/(Impairment Loss) on Receivables	(2,853,528)	(9,765,534)	6,912,006	-70.78%
Gains/(Loss) on disposal of Property, Plant and Equipment	1,483,255	816,760	666,495	81.60%
Reversal of Impairment Loss/(Impairment Loss) on Fixed Assets	(71,313)		(71,313)	100.00%
Profit/(Loss) on Fair Value Adjustments	(13,353)		(13,353)	100.00%
Net Surplus for the year	<u>99,055,133</u>	<u>39,179,283</u>	<u>59,875,850</u>	<u>152.83%</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

53. BUDGET INFORMATION (CONTINUE)

	2019 R (Approved Budget)	2019 R (Final Budget)	2019 R (Variance)	2019 R (%)	Explanation for Variances
53.3 Comparison between last approved budget and final budget:					
Revenue by source					
Property Rates	52,862,690	52,862,690	-	0.00%	
Government Grants and Subsidies	169,201,019	169,201,019	-	0.00%	
Interest Earned - Non-exchange Transactions	603,810	603,810	-	0.00%	
Availability Fees	4,722,050	4,722,050	-	0.00%	
Fines	5,411,466	5,411,466	-	0.00%	
Service Charges	456,060,500	456,060,500	-	0.00%	
Rental from Fixed Assets	4,748,100	4,748,100	-	0.00%	
Interest Earned - external investments	7,712,110	7,712,110	-	0.00%	
Interest Earned - Exchange Transactions	2,077,760	2,077,760	-	0.00%	
Licences and Permits	1,327,530	1,327,530	-	0.00%	
Agency Services	5,680,100	5,680,100	-	0.00%	
Sales of Goods and Rendering of Services	8,689,450	8,689,450	-	0.00%	
Operational Revenue	4,913,010	4,913,010	-	0.00%	
	<u>724,009,595</u>	<u>724,009,595</u>	<u>-</u>	<u>0.00%</u>	
Expenditure by nature					
Employee related costs	189,026,989	189,026,989	-	0.00%	
Remuneration of Councillors	10,571,398	10,571,398	-	0.00%	
Bad Debts Written Off	8,746,397	8,746,397	-	0.00%	
Depreciation and Amortisation	27,986,690	27,986,690	-	0.00%	
Inventory Consumed	23,347,519	23,643,593	(296,074)	-1.27%	
Finance Charges	11,524,658	11,524,658	-	0.00%	
Bulk Purchases	289,862,540	289,862,540	-	0.00%	
Contracted services	53,693,557	52,808,697	884,860	1.65%	
Transfers and Subsidies	8,263,050	8,263,050	-	0.00%	
Operational Costs	53,471,066	53,447,526	23,540	0.04%	
	<u>676,493,864</u>	<u>675,881,538</u>	<u>612,326</u>	<u>0.09%</u>	
Operating Surplus/(Deficit) for the Year	47,515,731	48,128,057	(612,326)	-1.29%	
Gains/(Loss) on disposal of Property, Plant and Equipment	(9,765,534)	(9,765,534)		0.00%	
Gains/(Loss) on Sale of Fixed Assets	816,760	816,760		0.00%	
Net Surplus for the year	<u>38,566,957</u>	<u>39,179,283</u>	<u>(612,326)</u>	<u>-1.59%</u>	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

53. BUDGET INFORMATION (CONTINUE)

53.4 Expenditure by Vote

	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 R (%)
Community Services	51,692,048	71,755,034	(20,062,986)	-27.96%
Corporate Services	51,214,706	42,769,322	8,445,384	19.75%
Engineering Services	469,745,213	468,134,817	1,610,395	0.34%
Executive & Council	28,615,631	38,010,475	(9,394,844)	-24.72%
Finance	30,922,977	39,697,768	(8,774,791)	-22.10%
Strategy & Social Development	17,382,609	25,857,636	(8,475,027)	-32.78%
	<u>649,573,184</u>	<u>686,225,052</u>	<u>(36,651,868)</u>	<u>-5.34%</u>

Comparison between last approved budget and final budget:

	2019 R (Approved Budget)	2019 R (Final Budget)	2019 R (Variance)	2019 R (%)	Explanation for Variances
Community Services	71,755,034	71,755,034	-	0.00%	
Corporate Services	42,769,322	42,769,322	-	0.00%	
Engineering Services	468,134,817	468,134,817	-	0.00%	
Executive & Council	38,010,475	38,010,475	-	0.00%	
Finance	39,697,768	39,697,768	-	0.00%	
Strategy & Social Development	25,857,636	25,857,636	-	0.00%	
	<u>686,225,052</u>	<u>686,225,052</u>	<u>-</u>	<u>0.00%</u>	

53.5

Capital

Capital expenditure by vote

	2019 R (Actual)	2019 R (Budget)	2019 R (Variance)	2019 R (%)
Community Services	43,118,827	43,760,688	(641,861)	-1.47%
Corporate Services	1,617,545	1,732,000	(114,455)	-6.61%
Engineering Services	46,916,359	53,981,598	(7,065,239)	-13.09%
Executive & Council	115,435	154,250	(38,815)	-25.16%
Finance	183,762	183,762	-	0.00%
Strategy & Social Development	1,338,506	1,518,398	(179,892)	-11.85%
	<u>93,290,434</u>	<u>101,330,696</u>	<u>(8,040,262)</u>	<u>-7.93%</u>

Comparison between last approved budget and final budget:

	2019 R (Approved Budget)	2019 R (Final Budget)	2019 R (Variance)	2019 R (%)	Explanation for Variances
Community Services	43,760,688	43,760,688	-	0.00%	
Corporate Services	1,732,000	1,732,000	-	0.00%	
Engineering Services	53,981,598	53,981,598	-	0.00%	
Executive & Council	154,250	154,250	-	0.00%	
Finance	183,762	183,762	-	0.00%	
Strategy & Social Development	1,518,398	1,518,398	-	0.00%	
	<u>101,330,696</u>	<u>101,330,696</u>	<u>-</u>	<u>0.00%</u>	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
54. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
54.1 <u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure:		
Opening balance	6,462,562	15,250
Unauthorised expenditure current year - operational	10,055,780	6,447,312
Unauthorised expenditure current year - capital	-	-
Approved by Council or written off	(6,462,562)	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	10,055,780	6,462,562
	2019 R	2018 R

Unauthorised expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Over expenditure of Operating Budget - 2018	None	-	6,462,562
Over expenditure of Operating Budget on Corporate Services - 2019	None	8,445,384	-
Over expenditure of Operating Budget on Engineering Services - 2019	None	1,610,395	-
		10,055,780	6,462,562

The over expenditure incurred by the Corporate Services department on their operating budgets during the year is attributable to the following non-cash items:

- Bad Debts written off on traffic Fines
- Contribution to debt impairment on traffic fines
- Depreciation

The over expenditure incurred by the Engineering Services department on their operating budgets during the year is attributable to the following cash items:

- Bulk purchases

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
54. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUE)		
54.2 <u>Fruitless and wasteful expenditure</u>		
Reconciliation of fruitless and wasteful expenditure:		
Opening balance	15,115	64,144
Fruitless and wasteful expenditure current year	99,820	40,250
Written off by Council	-	-
Transfer to receivables for recovery - not written off	(53,083)	(89,278)
	61,852	15,115
Fruitless and wasteful expenditure awaiting further action		
	2019 R	2018 R
54.3 <u>Irregular expenditure</u>		
Reconciliation of irregular expenditure:		
Opening balance	836,508	501,748
Irregular expenditure current year	6,316,236	836,508
Irregular expenditure identified in current year relating to previous years	4,966,587	-
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Write-offs supported by council	(836,508)	(501,748)
Transfer to receivables for recovery - not written off	-	-
	11,282,823	836,508
Irregular expenditure awaiting further action		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
55.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance		
Council subscriptions	2,039,742	1,888,266
Amount paid - current year	(2,039,742)	(1,888,266)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
	2019 R	2018 R
55.2 Audit fees - [MFMA 125 (1)(c)]		
Opening balance	(0)	24,158
Correction of prior period error	-	-
Restated opening balance	-	24,158
Current year audit fee	5,296,210	3,595,175
External Audit - Auditor-General	5,131,878	3,427,152
Internal Audit	-	-
Audit Committee	164,331	168,023
Amount paid - current year	(5,296,210)	(3,595,175)
Amount paid - previous year	-	(24,158)
Balance unpaid (included in creditors)	-	(0)
	2019 R	2018 R
55.3 VAT - [MFMA 125 (1)(c)]		
Opening balance	8,634,719	8,117,002
Correction of prior period error	-	-
Restated opening balance	8,634,719	8,117,002
Amounts received - previous year	(8,634,719)	(8,117,002)
Amounts received - current year	70,071,178	61,319,135
Amount claimed - current year	(63,859,396)	(52,684,417)
Closing balance	6,211,782	8,634,719
Vat in suspense due to cash basis of accounting		
Input VAT	6,194,240	5,544,793
Output VAT	(8,978,109)	(7,442,970)
	(2,783,869)	(1,898,178)
Balance previously reported		(2,202,351)
Correction of Error - Refer to note 48.12 and note 48.24.1		(304,173)
Restated balance		(1,898,178)

VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)		
55.4 PAYE and UIF - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions	(24,705,948)	(22,066,837)
Amount paid - current year	24,705,948	22,066,837
Balance unpaid (included in creditors)	-	-
The previous years PAYE and UIF - MFMA 125 (1) C disclosure was incorrectly stated as R21 523 084. This has now been corrected, and has no financial impact.		
	2019 R	2018 R
55.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]		
Opening balance	-	-
Correction of prior period error	-	-
Restated opening balance	-	-
Current year payroll deductions and Council Contributions	(25,694,430)	(23,654,952)
Amount paid - current year	25,694,430	23,654,952
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-
The previous years Pension and Medical Aid Deductions - MFMA 125 (1) C disclosure was incorrectly stated as R23 762 070. This has now been corrected, and has no financial impact.		
	2019 R	2018 R
55.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]		
The following Councillors had arrear accounts for more than 90 days as at 30 June 2019:		
	Outstanding more than 90 days	Outstanding more than 90 days
NYAMANA, W	-	151
MBI, AS	-	4,697
Total Councillor Arrear Consumer Accounts	-	4,848

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

55.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

2018/2019	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
July	639,789	5	0	3	3
August	950,652	7	0	11	2
September	40,050	0	0	3	1
October	610,434	2	0	4	2
November	205,132	1	0	3	2
December	164,728	5	0	1	0
January	40,607	0	0	2	2
February	632,883	2	0	1	13
March	180,782	3	0	1	0
April	303,763	3	0	2	1
May	865,895	3	0	4	1
June	303,594	0	0	2	1
	4,938,309	31	0	37	28

2017/2018	Amount	Single Supplier	Type of Deviation		Emergency
			Impossible	Impractical	
July	-	0	0	0	0
August	847,524	2	0	8	4
September	586,156	4	0	6	1
October	364,425	3	0	10	1
November	342,787	6	0	10	0
December	411,728	5	0	5	0
January	867,932	2	0	5	3
February	327,325	5	0	8	2
March	256,358	1	0	7	1
April	471,623	4	0	4	0
May	523,267	1	0	6	1
June	32,087	0	0	2	1
	5,031,211	33	0	71	14

55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

55.8 Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Annandale Motors BK	Director	Spouse	Elmarie Wagner	PA - Langeberg Municipality	111,829
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	Teacher - WCED	246,710
Mubesko Africa	Manager	Spouse	S Niehaus	Dietician - Northern Cape Dept Health	3,385,990
Montagu Trekkers	Owner	Child	Johan Rossouw	IT technician - Langeberg Municipality	41,520
Qinisekisa System Solution	Director	Spouse	Andriette Olivier	Teacher - WCED	261,185
Robertson Toyota	Director	Spouse	ZG Schreder	Teacher - WCED	26,217
Van Niekerk & Linde Attorneys	Owner	Spouse	Susanna Rossouw	Teacher - WCED	76,932
Bar Vallei Herstell & Ing. Werke	Owner	Child	Githe-Marie van Loggerenberg	Teacher - Bonnievale High School	209,723
Berry Bright	Owner	Spouse	Cyril Charles Buirman	Police officer - SAPS	11,258
Buirman Blindings	Owner	Child	Cyril Charles Buirman	Police officer - SAPS	7,100
Advocate Etienne Vermaak	Owner	Spouse	Johanna Maria Christina Vermaak	Pharmacist- Karl Bremmer Hospital	33,715
Capital Security Services	Shareholder	Spouse	JE Saayman	Ward 6 Community Member - Worcester	2,330
Rukeya Jamie T/A Keyn's Spicy Bites	Owner	Child	Moegament Moeneeb Jamie	Fire Fighter	4,178
Rob Auto Electric	Owner	Father in-law	AWJ Everson	Director Corporate Services	176,228
Ludify	Owner	Mother	Tabita Williams	Teacher - WCED	204,250

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

55. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

55.9 Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Member of company who has relationship with person in the service of	Relationship to person in the service	Name of person in the service of the state	Employer and capacity of person	Value of transactions
None					

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

55.10 **Material losses**

Electricity distribution losses

	2019 R	2018 R
Units purchased (Kwh)	316,563,848	306,928,606
Units lost during distribution (Kwh)	9,020,071	12,554,612
Percentage lost during distribution	2.85%	4.09%
Distribution loss (Rand Value)		

Water distribution losses

	2019 R	2018 R
Units disinfected/purified/purchased (KI)	6,544,530	5,787,210
Units lost during distribution (KI)	1,043,650	837,450
Percentage lost during distribution	15.95%	14.47%
Distribution loss (Rand Value)		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

56. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2019 R	2018 R
1% (2018: 1.25%) Increase in interest rates	1,394,793	1,722,257
0.5% (2018: 0.5%) Decrease in interest rates	(697,397)	(688,903)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

56. FINANCIAL RISK MANAGEMENT (CONTINUE)

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All services are payable within 30 days from invoice date. Refer to **note 11** for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to **note 7 and note 8** for balances included in receivables that were re-negotiated for the period under review.

Balances past due not impaired:

	2019 %	2019 R	2018 %	2018 R
<u>Exchange Receivables</u>				
Electricity	14.50%	3,354,621	12.66%	2,421,967
Water	24.38%	5,641,034	28.24%	5,403,598
Waste Management	19.70%	4,559,142	19.01%	3,637,667
Waste Water Management	24.56%	5,684,382	25.16%	4,814,915
Other	16.86%	3,902,673	14.94%	2,858,134
	100.00%	23,141,853	100.00%	19,136,282

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in **note 11** of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2019 %	2019 R	2018 %	2018 R
<u>Non-Current Receivables</u>				
Repay Arrangements	100.00%	-	100.00%	-
<u>Exchange Receivables</u>				
Electricity	15.60%	3,271,775	10.57%	1,872,062
Water	25.51%	5,351,745	28.95%	5,124,576
Waste Management	20.24%	4,246,773	19.11%	3,383,135
Waste Water Management	25.50%	5,348,397	25.64%	4,538,823
Other	13.15%	2,758,972	15.73%	2,785,778
	100.00%	20,977,662	100.00%	17,704,374

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

56. FINANCIAL RISK MANAGEMENT (CONTINUE)

Ageing of amounts past due but not impaired are as follow:

Exchange Receivables

1 month past due
2+ months past due

2019	2018
2,168,102	1,648,162
20,973,751	17,488,120
<u>23,141,853</u>	<u>19,136,282</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE . The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2019 R	2018 R
Non-Current Receivables from Exchange Transactions	9,713,547	11,880,173
Non-Current Receivables from Non-Exchange Transactions	2,080,370	2,211,129
Receivables from exchange transactions	66,810,730	57,280,546
Receivables from non-exchange transactions	29,114,335	22,715,289
Cash and Cash Equivalents	154,693,359	149,124,532
Non-current Investments	113,289	126,641
	<u>262,412,341</u>	<u>243,211,669</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

56. FINANCIAL RISK MANAGEMENT (CONTINUE)

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2019				
Long-term Liabilities	4,595,462	12,500,422	3,343,000	-
Trade and Other Payables	70,617,902	-	-	-
Consumer Deposits	-	-	-	12,214,563
	<u>75,213,364</u>	<u>12,500,422</u>	<u>3,343,000</u>	<u>12,214,563</u>
2018				
Long-term Liabilities	6,135,427	10,955,256	7,343,178	-
Trade and Other Payables	64,462,559	-	-	-
Consumer Deposits	-	-	-	11,086,873
	<u>70,597,986</u>	<u>10,955,256</u>	<u>7,343,178</u>	<u>11,086,873</u>
			2019 R	2018 R

57. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

57.1	Financial Assets	Classification		
	Investments			
	Listed Investments	Financial Instruments at fair value	109,948	113,791
	Investment in Municipal Entities	Financial Instruments at cost	-	-
	Investment in Joint Ventures	Financial Instruments at cost	-	-
	Investment in Associates	Financial Instruments at cost	-	-
	Investment in Municipal Stock	Financial Instruments at cost	3,341	12,850
	Fixed Deposits	Financial Instruments at amortised cost	-	-
			2019 R	2018 R
	Non-Current Receivables from Non-exchange transactions			
	Provincial Government Housing Loans	Financial Instruments at amortised cost	382,455	374,094
	Staff bursaries and other advances	Financial Instruments at amortised cost	198,479	108,352
	Non-Current Receivables from Exchange Transactions			
	Services connections	Financial Instruments at amortised cost	662,507	459,911
	Land Sales	Financial Instruments at amortised cost	-	-
	Short-term Installments	Financial Instruments at amortised cost	330,436	271,079
	Agreements with Consumer Debtors	Financial Instruments at amortised cost	-	-
	Receivables with repay arrangements	Financial Instruments at amortised cost	9,323,508	11,679,321

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
57. FINANCIAL INSTRUMENTS (CONTINUE)			
Receivables from Exchange Transactions			
Electricity	Financial Instruments at amortised cost	24,595,168	18,471,287
Water	Financial Instruments at amortised cost	9,573,271	9,008,817
Property Rentals	Financial Instruments at amortised cost	-	-
Waste Management	Financial Instruments at amortised cost	6,466,705	5,170,861
Waste Water Management	Financial Instruments at amortised cost	7,737,929	6,693,529
Housing Selling Scheme	Financial Instruments at amortised cost	-	-
Water and Sanitation Service Authority	Financial Instruments at amortised cost	-	-
Abeyance	Financial Instruments at amortised cost	-	-
Other Arrears	Financial Instruments at amortised cost	18,437,656	17,936,053
		2019 R	2018 R
Cash and Cash Equivalents			
Bank Balances	Financial Instruments at amortised cost	24,642,305	19,089,790
Call Deposits	Financial Instruments at amortised cost	130,051,054	130,034,742
Total Financial Assets		232,514,763	219,424,476
		2019 R	2018 R
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at cost:			
Investments	Investment in Municipal Entities	-	-
Investments	Investment in Joint Ventures	-	-
Investments	Investment in Associates	-	-
Investments	Investment in Municipal Stock	3,341	12,850
		3,341	12,850
		2019 R	2018 R
Financial Instruments at amortised cost:			
Investments	Fixed Deposits	-	-
Long-term Receivables - Non-exchange	Provincial Government Housing Loans	382,455	374,094
Long-term Receivables - Non-exchange	Staff Study loans	198,479	108,352
Long-term Receivables - Exchange	Services connections	662,507	459,911
Long-term Receivables - Exchange	Land Sales	-	-
Long-term Receivables - Exchange	Short-term Installments	330,436	271,079
Long-term Receivables - Exchange	Agreements with Consumer Debtors	-	-
Long-term Receivables - Exchange	Receivables with repay arrangements	9,323,508	11,679,321
Receivables from Exchange Transactions	Electricity	24,595,168	18,471,287
Receivables from Exchange Transactions	Water	9,573,271	9,008,817
Receivables from Exchange Transactions	Property Rentals	-	-
Receivables from Exchange Transactions	Waste Management	6,466,705	5,170,861
Receivables from Exchange Transactions	Waste Water Management	7,737,929	6,693,529
Receivables from Exchange Transactions	Housing Selling Scheme	-	-
Receivables from Exchange Transactions	Water and Sanitation Service Authority	-	-
Receivables from Exchange Transactions	Abeyance	-	-
Receivables from Exchange Transactions	Other Arrears	18,437,656	17,936,053
Cash and Cash Equivalents	Bank Balances	24,642,305	19,089,790
Cash and Cash Equivalents	Call Deposits	130,051,054	130,034,742
		232,401,474	219,297,835

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
57. FINANCIAL INSTRUMENTS (CONTINUE)			
Financial Instruments at fair value:			
Investments	Listed Investments	109,948	113,791
		109,948	113,791
Total Financial Assets		232,514,763	219,424,476
		2019 R	2018 R
57.2 Financial Liabilities	Classification		
Long-term Liabilities			
Annuity Loans	Financial Instruments at amortised cost	13,840,544	17,365,077
Local Registered Stock	Financial Instruments at amortised cost	-	-
Government Loans	Financial Instruments at amortised cost	-	-
Capitalised Lease Liability	Financial Instruments at amortised cost	2,185,638	1,293,644
		2019 R	2018 R
Trade and Other Payables			
Trade Payables	Financial Instruments at amortised cost	48,615,202	47,403,580
Accrued Interest	Financial Instruments at amortised cost	-	-
Advance Payments	Financial Instruments at amortised cost	4,663,060	4,373,606
Control, Clearing and Interface Accounts	Financial Instruments at amortised cost	-	-
Other Payables	Financial Instruments at amortised cost	1,011,959	370,987
Retentions	Financial Instruments at amortised cost	4,548,160	2,401,902
Sundry Deposits	Financial Instruments at amortised cost	11,779,521	9,912,485
Consumer Deposits	Financial Instruments at amortised cost	12,214,563	11,086,873
		2019 R	2018 R
Cash and Cash Equivalents			
Bank Overdraft	Financial Instruments at amortised cost	-	-
		98,858,647	94,208,152
		2019 R	2018 R
SUMMARY OF FINANCIAL LIABILITIES			
Financial instruments at amortised cost:			
Long-term Liabilities	Annuity Loans	13,840,544	17,365,077
Long-term Liabilities	Local Registered Stock	-	-
Long-term Liabilities	Government Loans	-	-
Long-term Liabilities	Capitalised Lease Liability	2,185,638	1,293,644
Trade and Other Payables	Trade Payables	48,615,202	47,403,580
Trade and Other Payables	Accrued Interest	-	-
Trade and Other Payables	Advance Payments	4,663,060	4,373,606
Trade and Other Payables	Control, Clearing and Interface Accounts	-	-
Trade and Other Payables	Other Payables	1,011,959	370,987
Trade and Other Payables	Retentions	4,548,160	2,401,902
Trade and Other Payables	Sundry Deposits	11,779,521	9,912,485
Trade and Other Payables	Consumer Deposits	12,214,563	11,086,873
Cash and Cash Equivalents	Bank Overdraft	-	-
		98,858,647	94,208,152

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
58. STATUTORY RECEIVABLES		
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
Taxes		
VAT Receivable	1,470,582	2,513,653
Receivables from Non-Exchange Transactions	16,759,495	13,937,878
Rates	12,726,548	10,803,878
Fines	4,032,948	3,134,000
Total Statutory Receivables (before provision)	18,230,077	16,451,531
Less: Provision for Debt Impairment	(12,621,195)	(10,327,532)
Total Statutory Receivables (after provision)	5,608,882	6,123,999
Statutory Receivables arises from the following legislation:		
Taxes	- Value Added Tax Act (No 89 of 1991)	
Rates	- Municipal Properties Rates Act (No 6 of 2004)	
Fines	- Criminal Procedures Act	
(Rates): Ageing		
Current (0 - 30 days)	2,714,395	2,565,035
31 - 60 Days	208,659	186,630
61 - 90 Days	169,085	157,899
+ 90 Days	9,634,407	7,894,314
Total	12,726,548	10,803,878
	2019 R	2018 R
Interest Received from Statutory Receivables		
Receivables from Non-Exchange Transactions	558,892	464,514
	558,892	464,514

59. EVENTS AFTER THE REPORTING DATE

2019

The municipality entered into a loan agreement with Standard bank during the financial year. The first draw-down on the loan facility of R7 912 430 was due to be received on 30 June 2019, should all conditions of the loan agreement be met. The conditions of the loan agreement were only met after 30 June 2019.

After year end the municipality received correspondence from the Director of the Department of Environmental Affairs and Development Planning regarding the licence for the operation and decommissioning of the Ashton waste disposal facility. No decisions have been made by the municipality as of yet with regard to the closure process of the waste disposal facility.

On the 12th of August 2019 the municipality became aware of possible fraudulent activities at one of its cashier points. The matter is currently under investigation and the matter has been reported to SAPS. The preliminary amount is estimated at R 35 724.62

On 04 November 2019 the Fidelity Cash Solutions vehicle transporting cash of the municipality, was engaged in a robbery at approximately 18h05 near Caledon. The amount of cash belonging to the municipality that was robbed was R 100,892.50

2018

The municipality suffered an impairment loss on the 4th of July 2018 due to vandalism at the Hediland Creche, the impairment loss will be recognised in the 2018/2019 financial year.

The Municipal Council on 31 July 2018 wrote unauthorised expenditure amounting to R15 250 off, incurred as part of the Christmas Light events hosted during the 2016/2017 financial year.

The Municipality submitted the Annual Financial Statements to the Office of the Auditor General on the 7th of September 2018.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		2019 R	2018 R
60. PRIVATE PUBLIC PARTNERSHIPS			
Council has not entered into any private public partnerships during the financial year.		-	-
		2019 R	2018 R
61. CONTINGENT LIABILITY			
Claims against Council		<u>1,400,385</u>	<u>1,486,646</u>
The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:			
<i>Description of event</i>			
1	Langeberg Municipality/ Springfield Marketing – Worcester Regional Court Case 253/2017. Claim against municipality for overpaid rates (REF LAN26/0200). Estimate of exposure R269 912.	269,912	269,912
2	Langeberg Municipality/ Breede River Construction –Awaiting trial date under High Court Case number 12171/2017 (REF LAN26/0119). Claim by the Municipality against the Defendant for damages cause by negligence. Estimated Exposure in respect of legal costs – R400 000.	400,000	400,000
3	Langeberg Municipality/ Rooiberg Winery (PTY) Ltd – No further legal action has been taken. Claim against the Municipality due to losses suffered as a result of breakdown in electricity supply amounting to R45 348 - Repudiated	-	45,348
		<u>669,912</u>	<u>715,260</u>
The following public liability claims were instituted against Langeberg Municipality during the current financial year, however no further legal action has been taken:			
<i>Description of event</i>			
1	M Selani Losses due to water pipe burst - repudiated	-	58,780
2	P Kleintjies Losses due to water pipe burst	518,689	518,689
3	Telkom Cable damage Losses due to damaged Telkom cables - settled	-	29,973
4	J Matthys Losses due to water pipe burst	23,945	23,945
5	L Vermeulen Third party injury claim	100,000	100,000
6	M Kotze Losses due to municipal motor vehicle accident - settled	-	40,000
7	J J Kruger - CCD 1718 - Pending Motor vehicle Third Party Claim	23,060	-
8	Alain Somerlink - Pending Motor vehicle Third Party Claim	64,780	-
		<u>730,473</u>	<u>771,386</u>
62. CONTINGENT ASSET			
Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies.		348,426	348,426
Case Langeberg Municipality/Breede Valley Construction and third Parties. Claim against Breede Valley Construction and third Parties due to losses suffered by the municipality as a result of the collapse of the museum on 26 August 2014.		2,100,000	-
		<u>2,448,426</u>	<u>348,426</u>

63. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

63.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 8 to the Annual Financial Statements.

63.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 35 to the Annual Financial Statements.

63.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

64. FINANCIAL SUSTAINABILITY

Management is of the opinion that will municipality will continue to operate as a going concern and perform it's functions as set out in the Constitution.

**APPENDIX A - Unaudited
LANGEBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2019**

EXTERNAL LOANS	Rate	Account Number	Contract Number	Redeemable	Balance at 30 June 2018	Correction of Error	Interest Payable till 30/06/2018	Balance at 30 June 2018	Received during the period	Interest Paid during the period	Redeemed written off during the period	Interest Payable till 30/06/2019	Adjustments	Balance at 30 June 2019	Current Liability
ANNUITY LOANS															
DBSA	15.00%	10422/203	61001088	30/09/2018	36,673	-	(1,279)	35,394	-	2,528	(37,922)	-	(1,279)	(0)	-
DBSA	14.00%	11124/103	61001404	30/06/2019	273,854.96	-	-	273,854.96	-	33,521	(307,376)	-	-	(0)	-
DBSA	16.00%	11174/102	61001426	31/12/2018	50,216	-	-	50,216	-	4,226	(54,442)	-	-	0	-
DBSA	16.50%	11192/101	61001436	31/12/2018	417,531	-	-	417,531	-	33,540	(451,071)	-	-	0	-
DBSA	15.75%	13341/102	61003137	31/12/2019	920,549	-	-	920,549	-	129,122	(718,266)	-	-	331,405	331,405
DBSA	16.50%	13452/102	61003173	30/06/2020	230,124	-	-	230,124	-	17,978	(133,040)	-	-	115,062	115,062
DBSA	8.81%	13452/301	61003178	31/12/2019	232,253	-	-	232,253	-	17,290	(172,125)	-	-	77,418	77,418
DBSA	8.81%	13586/101	61003228	31/12/2020	116,274	-	-	116,274	-	10,798	(57,307)	-	-	69,764	46,510
DBSA	10.15%	13760/101	61003271	31/12/2020	529,150	-	-	529,150	-	46,894	(258,554)	-	-	317,490	211,660
DBSA	9.68%	99999/1	61004211	31/12/2024	415,887	-	-	415,887	-	39,366	(103,349)	-	-	351,904	63,983
DBSA	9.68%	102290/1	61000517	31/03/2027	14,142,566	-	(304,616)	13,837,949	-	1,192,983	(2,730,533)	277,101	(304,616)	12,577,501	1,537,550
Total Annuity Loans					17,365,077	-	(305,895)	17,059,182	-	1,528,247	(5,023,985)	277,101	(305,895)	13,840,544	2,383,587
LEASE LIABILITY															
Sasfin	16.50%	15267449	1	25/01/2019	5,062.46	-	-	5,062	-	271	(4,839)	-	(494)	(0)	-
Sasfin	16.50%	0834143742100001	2	25/01/2019	28,581.99	-	-	28,582	-	1,528	(27,320)	-	(2,790)	0	-
Sasfin	16.50%	K581144	3	25/02/2019	33,760.77	-	-	33,761	-	1,940	(32,800)	-	(2,901)	0	-
Sasfin	16.50%	B5706424/B5706437	4	25/01/2019	113,005.37	-	-	113,005	-	6,041	(108,016)	-	(11,031)	(0)	-
Sasfin	16.50%	B5706441/44702675	5	25/11/2018	44,264.82	-	-	44,265	-	1,991	(40,364)	-	(5,892)	(0)	-
Sasfin	16.50%	2B0385BK700065/A1023352100265	6	25/03/2019	86,308.57	-	-	86,309	-	5,579	(85,275)	-	(6,612)	0	-
Sasfin	16.50%	ITL5BE 1P 10 Units	7	25/05/2019	246,735.44	-	-	246,735	-	19,513	(250,767)	-	(15,481)	(0)	-
Sasfin	16.50%	V3L6606303/09/10	8	25/02/2020	42,618.78	-	-	42,619	-	5,083	(28,440)	-	253	19,515	17,839
Sasfin	16.50%	LW16220247/15Y05676	9	27/07/2019	18,736.57	-	-	18,737	-	1,734	(18,000)	-	177	2,647	1,480
Sasfin	16.50%	A44163500019	10	25/01/2020	56,841.36	-	-	56,841	-	6,629	(39,588)	-	358	24,240	21,874
Sasfin	16.50%	Radio Links 23 units	11	25/09/2019	500,481.84	-	-	500,482	-	51,358	(425,520)	-	4,060	130,380	103,520
Sasfin	16.25%	Z1149000GB	12	01/11/2020	88,633.29	-	-	88,633	-	11,673	(44,868)	-	355	55,794	39,009
Sasfin	16.00%	SQ966456ZA	13	25/06/2021	-	-	-	-	186,266	23,058	(79,657)	-	3,638	133,305	59,614
Sasfin	16.25%	VCGB164312	14	25/11/2021	-	-	-	-	20,750	1,534	(5,056)	-	386	17,614	6,325
Sasfin	16.25%	12 TaskAlfa 5052ci units	15	25/03/2022	-	-	-	-	1,392,269	35,929	(147,315)	-	24,503	1,305,386	401,561
Sasfin	16.25%	VCGB164308	16	25/03/2022	-	-	-	-	21,637	533	(3,180)	-	363	19,353	5,953
Konica Minolta	10.25%	B367 2 units A7series	17.1	25/03/2022	-	-	-	-	50,820	830	(4,896)	-	-	46,754	15,505
Konica Minolta	10.25%	B287 16units A7series	17.2	25/03/2022	-	-	-	-	375,031	6,125	(36,127)	-	-	345,028	114,420
Vodacom	10.50%	15 Tablets for the Councillors	18.1	01/10/2018	15,209.40	-	-	15,209	-	267	(15,476)	-	-	(0)	-
Vodacom	10.50%	8 Tablets for the Councillors	18.2	01/12/2018	13,403.04	-	-	13,403	-	354	(13,757)	-	-	0	-
Bytes Document Solutions	10.25%	Xerox Wc3345 4 Units	19.1	25/03/2022	-	-	-	-	35,385	578	(3,409)	-	-	32,555	10,796
Bytes Document Solutions	10.25%	Veralink B7025 5 Units	19.2	25/03/2022	-	-	-	-	57,681	942	(5,556)	-	-	53,066	17,598
Total Lease Liabilities					1,293,644	-	-	1,293,644	2,139,840	183,490	(1,420,227)	-	(11,108)	2,185,638	815,494
TOTAL EXTERNAL LOANS					18,658,720	-	(305,895)	18,352,825	2,139,840	1,711,737	(6,444,213)	277,101	(317,003)	16,026,183	3,199,081

**APPENDIX B - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2018 Actual Income R	2018 Actual Expenditure R	2018 Surplus/ (Deficit) R		2019 Actual Income R	2019 Actual Expenditure R	2019 Surplus/ (Deficit) R
			Governance and Administration			
10,533,475	22,684,922	(12,151,447)	Executive and council	5,200,584	24,497,600	(19,297,016)
119,855,681	76,235,490	43,620,191	Finance and administration	112,955,371	73,415,373	39,539,998
-	1,635,476	(1,635,476)	Internal audit	-	3,109,873	(3,109,873)
			Community and Public Safety			
11,462,088	22,025,126	(10,563,038)	Community and social services	10,797,996	22,714,841	(11,916,844)
752,211	18,895,041	(18,142,831)	Sport and recreation	1,567,888	20,820,372	(19,252,483)
-	91,570	(91,570)	Public safety	89,215	1,023,400	(934,185)
19,384,239	56,411,588	(37,027,349)	Housing	40,250,099	7,675,963	32,574,136
-	-	-	Health	-	-	-
			Economic and Environmental Services			
13,889,985	22,108,792	(8,218,807)	Planning and development	30,688,264	22,758,115	7,930,149
13,100,574	44,288,120	(31,187,546)	Road transport	11,121,526	45,510,980	(34,389,453)
-	-	-	Environmental protection	-	-	-
			Trading Services			
374,175,542	308,447,523	65,728,019	Energy sources	412,618,771	319,482,029	93,136,743
60,944,167	42,877,665	18,066,502	Water management	52,051,096	47,163,718	4,887,378
32,998,846	25,922,829	7,076,017	Waste water management	39,021,696	30,863,676	8,158,020
26,831,984	31,115,276	(4,283,292)	Waste management	32,263,548	29,802,435	2,461,113
3,063	1,153,788	(1,150,726)	Other	2,261	734,811	(732,550)
683,931,854	673,893,207	10,038,648	Sub Total	748,628,316	649,573,184	99,055,133
50,146,424	50,146,424	-	Less Inter-Departmental Charges	30,620,920	30,620,920	-
633,785,430	623,746,783	10,038,648	Total	718,007,397	618,952,264	99,055,133

**APPENDIX C - Unaudited
LANGE BERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
National Government Grants											
Equitable Share	-	-	-	73,093,000	-	-	(73,093,000)	-	-	-	-
Finance Management Grant	-	-	-	1,550,000	-	-	(1,550,000)	-	-	-	-
Municipal Infrastructure Grant	4,981,146	-	4,981,146	21,612,000	-	-	(3,304,575)	(22,030,497)	1,258,075	1,258,075	-
Integrated National Electrification Grant	-	-	-	3,000,000	-	-	(2,034,546)	(965,454)	-	-	-
Expanded Public Works Programme	-	-	-	1,740,000	-	-	(1,740,000)	-	-	-	-
Total National Government Grants	4,981,146	-	4,981,146	100,995,000	-	-	(81,722,121)	(22,995,951)	1,258,075	1,258,075	-
Provincial Government Grants											
Community Library Services Grant	-	-	-	3,210,000	-	-	(3,210,000)	-	-	-	-
Community Library Services - MRF	-	-	-	5,700,000	-	-	(5,700,000)	-	-	-	-
Human Settlements Development Grant (Beneficiaries)	82,646	-	82,646	41,231,458	-	-	(11,645,238)	(28,228,863)	1,440,002	1,440,002	-
Title deed registration grant	2,967,784	-	2,967,784	801,284	-	-	(231,148)	-	3,537,919	3,537,919	-
Acceleration of Housing Delivery	273,700	-	273,700	-	-	-	-	-	273,700	273,700	-
Western Cape Financial Management Support Grant	-	-	-	330,000	-	-	(330,000)	-	-	-	-
Western Cape Financial Management Capacity Building Grant	240,000	-	240,000	360,000	-	-	(122,000)	-	478,000	478,000	-
Local Government Graduate Internship	60,000	-	60,000	-	-	(60,000)	-	-	-	-	-
Fire Services Capacity Building Grant	140,702	-	140,702	-	-	-	-	(121,672)	19,029	19,029	-
Emergency Drought Relief	-	-	-	-	-	-	-	-	-	-	-
Municipal Drought Relief Grant	4,200,000	-	4,200,000	-	-	-	-	(4,200,000)	-	-	-
Municipal Maintenance and construction of Transport Infrastructure	-	-	-	-	-	-	-	-	-	-	-
Training	-	-	-	330,482	-	-	(330,482)	-	-	-	-
Total Provincial Government Grants	7,964,832	-	7,964,832	51,963,224	-	(60,000)	(21,568,869)	(32,550,536)	5,748,651	5,748,651	-
District Municipality											
Bakery Project	168,875	-	168,875	-	-	-	-	-	168,875	168,875	-
CDWM Cultural Events	38,622	-	38,622	-	-	-	(38,622)	-	0	0	-
CWDM:King Edward Sport Grounds Upgrade	491,000	9,000	500,000	-	-	-	-	(292,312)	207,688	207,688	-
CWDM: Construction of Boundary Walls of Sportsfields	-	-	-	500,000	-	-	-	(467,801)	32,199	32,199	-
Total District Municipality Grants	698,497	9,000	707,497	500,000	-	-	(38,622)	(760,113)	408,762	408,762	-
Other Grant Providers											
	-	-	-	-	-	-	-	-	-	-	-
Total Other Grant Providers	-	-	-	-	-	-	-	-	-	-	-
Total Grants	13,644,475	9,000	13,653,475	153,458,224	-	(60,000)	(103,329,611)	(56,306,600)	7,415,488	7,415,488	-

LANGEBERG MUNICIPALITY - Reconciliation of Table A1 Budget Summary - Unaudited

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance (i.t.o. MFMA s28)	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
R thousands												
Financial Performance												
Property rates	52,863	–	52,863	52,679		(183)	99.7%	99.7%				46,521
Service charges	460,783	–	460,783	453,723		(7,060)	98.5%	98.5%				398,851
Investment revenue	7,712	–	7,712	13,101		5,389	169.9%	169.9%				10,777
Transfers recognised - operational	102,256	9,012	111,268	103,330		(7,938)	92.9%	101.0%				99,853
Other own revenue	39,752	(4,906)	34,846	53,348		18,502	153.1%	134.2%				49,683
Total Revenue (excluding capital transfers and contributions)	663,365	4,106	667,471	676,181		8,710	101.3%	101.9%				605,685
Employee costs	201,199	(12,172)	189,027	186,765	–	(2,262)	98.8%	92.8%	–	–	–	172,604
Remuneration of councillors	10,871	(300)	10,571	10,538	–	(33)	99.7%	96.9%	–	–	–	10,222
Debt impairment	–	–	–	–	–	–	100.0%	100.0%	–	–	–	–
Depreciation & asset impairment	29,194	(1,208)	27,987	25,054	–	(2,932)	89.5%	85.8%	–	–	–	25,486
Finance charges	13,228	(1,703)	11,525	11,296	–	(229)	98.0%	85.4%	–	–	–	11,624
Materials and bulk purchases	312,501	995	313,496	311,176	–	(2,320)	99.3%	99.6%	–	–	–	332,629
Transfers and grants	7,983	280	8,263	1,765	–	(6,498)	21.4%	22.1%	–	–	–	1,820
Other expenditure	105,047	20,309	125,356	86,838	–	(38,518)	69.3%	82.7%	–	–	–	65,446
Total Expenditure	680,023	6,202	686,225	633,433	–	(52,792)	92.3%	93.1%	–	–	–	619,831
Surplus/(Deficit)	(16,658)	(2,096)	(18,754)	42,749		61,502	-227.9%	-256.6%				(14,146)
Transfers recognised - capital	29,743	–	57,933	56,307		(1,627)	97.2%	189.3%				24,145
Contributions recognised - capital & contributed assets	–	–	–	–		–	0.0%	0.0%				40
Surplus/(Deficit) after capital transfers & contributions	13,085	(2,096)	39,179	99,055		59,876	252.8%	757.0%				10,039
Share of surplus/ (deficit) of associate	–	–	–	–		–	0.0%	0.0%				–
Surplus/(Deficit) for the year	13,085	(2,096)	39,179	99,055		59,876	252.8%	757.0%				10,039
Capital expenditure & funds sources												
Capital expenditure												
Transfers recognised - capital	29,743	28,190	57,933	56,307		(1,627)	0.0%	0.0%				23,863
Public contributions & donations	–	–	–	–		–	0.0%	0.0%				40
Borrowing	20,124	(12,212)	7,912	5,961		(1,951)	0.0%	0.0%				–
Internally generated funds	38,244	(2,759)	35,485	31,023		(4,462)	0.0%	0.0%				20,122
Total sources of capital funds	88,111	13,219	101,331	93,290		(8,040)	0.0%	0.0%				44,025
Cash flows												
Net cash from (used) operating	47,478	15,916	63,394	101,316		37,922	0.0%	0.0%				75,853
Net cash from (used) investing	(87,297)	(13,553)	(100,850)	(92,103)		8,747	0.0%	0.0%				(37,816)
Net cash from (used) financing	16,401	(8,906)	7,495	(3,645)		(11,140)	0.0%	0.0%				(4,007)
Cash/cash equivalents at the year end	81,469	37,705	119,174	154,704		35,530	0.0%	0.0%				149,135

LANGEBERG MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification) - Unaudited

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
Governance and administration	126,090	(260)	125,830	118,156		(7,674)	93.9%	93.7%				117,528
Executive and council	4,949	–	4,949	5,201		252	105.1%	105.1%				4,878
Finance and administration	121,141	(260)	120,881	112,955		(7,925)	93.4%	93.2%				112,651
Internal audit	–	–	–	–		–	0.0%	0.0%				–
Community and public safety	24,051	28,557	52,608	52,705		98	100.2%	219.1%				31,599
Community and social services	11,479	122	11,600	10,798		(802)	93.1%	94.1%				11,462
Sport and recreation	1,821	1,200	3,021	1,568		(1,453)	51.9%	86.1%				752
Public safety	112	–	112	89		(23)	79.4%	79.4%				–
Housing	10,638	27,235	37,874	40,250		2,376	106.3%	378.3%				19,384
Health	–	–	–	–		–	0.0%	0.0%				–
Economic and environmental services	44,660	(669)	43,991	41,028		(2,963)	93.3%	91.9%				19,054
Planning and development	11,823	4,683	16,506	29,906		13,400	181.2%	253.0%				5,954
Road transport	32,837	(5,352)	27,485	11,122		(16,363)	40.5%	33.9%				13,101
Environmental protection	–	–	–	–		–	0.0%	0.0%				–
Trading services	498,308	4,668	502,976	506,118		3,142	100.6%	101.6%				465,605
Electricity	381,577	–	381,577	385,823		4,246	101.1%	101.1%				352,352
Water	49,524	4,568	54,092	49,254		(4,838)	91.1%	99.5%				53,693
Waste water management	36,182	–	36,182	38,894		2,713	107.5%	107.5%				32,898
Waste management	31,021	–	31,021	32,145		1,124	103.6%	103.6%				26,659
Other	4	100	104	2		(101)	2.2%	63.9%				3
Total Revenue - Standard	693,108	32,296	725,404	718,007		(7,397)	99.0%	103.6%				633,785

LANGEBERG MUNICIPALITY - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification) - Unaudited

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure - Standard												
Governance and administration	122,820	(585)	122,235	98,276	45	(23,959)	80.4%	80.0%	-	-	-	98,443
Executive and council	38,782	(4,106)	34,675	24,498	-	(10,178)	70.6%	63.2%	-	-	-	22,682
Finance and administration	81,360	3,134	84,495	70,669	-	(13,826)	83.6%	86.9%	-	-	-	74,125
Internal audit	2,678	387	3,065	3,110	45	45	101.5%	116.1%	-	-	-	1,635
Community and public safety	64,011	7,908	71,919	49,980	2,069	(21,939)	69.5%	78.1%	-	-	-	96,041
Community and social services	21,444	(1,543)	19,900	21,970	2,069	2,069	110.4%	102.5%	-	-	-	21,487
Sport and recreation	22,492	(365)	22,127	19,145	-	(2,983)	86.5%	85.1%	-	-	-	18,135
Public safety	5,727	228	5,955	1,308	-	(4,647)	22.0%	22.8%	-	-	-	92
Housing	14,347	9,589	23,936	7,557	-	(16,379)	31.6%	52.7%	-	-	-	56,328
Health	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Economic and environmental services	72,441	(6,252)	66,189	61,569	-	(4,620)	93.0%	85.0%	-	-	-	59,241
Planning and development	26,950	(1,332)	25,618	22,718	-	(2,900)	88.7%	84.3%	-	-	-	22,084
Road transport	45,491	(4,920)	40,571	38,851	-	(1,720)	95.8%	85.4%	-	-	-	37,157
Environmental protection	-	-	-	-	-	-	0.0%	0.0%	-	-	-	-
Trading services	420,752	5,131	425,883	409,127	-	(16,756)	96.1%	97.2%	-	-	-	370,022
Electricity	327,317	(3,390)	323,927	318,844	-	(5,082)	98.4%	97.4%	-	-	-	292,613
Water	36,319	2,802	39,121	35,291	-	(3,830)	90.2%	97.2%	-	-	-	27,612
Waste water management	23,429	2,690	26,119	24,877	-	(1,243)	95.2%	106.2%	-	-	-	18,600
Waste management	32,336	3,083	35,420	29,380	-	(6,040)	82.9%	90.9%	-	-	-	30,043
Other	1,350	(54)	1,297	735	-	(562)	56.7%	54.4%	-	-	-	1,154
Total Expenditure - Standard	680,023	6,202	686,225	618,952	2,114	(67,273)	90.2%	91.0%	-	-	-	623,747
Surplus/(Deficit) for the year	13,085	26,094	39,179	99,055	(2,114)	59,876	252.8%	757.0%	-	-	-	10,039

LANGEBERG MUNICIPALITY - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote) - Unaudited

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - FINANCE	118,158	(500)	117,658	109,325		(8,333)	92.9%	92.9%				102,787
Vote 2 - EXECUTIVE & COUNCIL	4,949	–	4,949	5,201		252	105.1%	105.1%				4,878
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	2,690	321	3,011	1,935		(1,076)	64.3%	64.3%				2,155
Vote 4 - CORPORATE SERVICES	19,991	(5,000)	14,991	15,078		87	100.6%	100.6%				23,188
Vote 5 - ENGINEERING SERVICES	523,962	8,899	532,861	564,912		32,051	106.0%	106.0%				469,716
Vote 6 - COMMUNITY SERVICES	23,358	28,576	51,934	52,177		243	100.5%	100.5%				31,062
Total Revenue by Vote	693,108	32,296	725,404	748,628		23,224	0.0%	0.0%				633,785
Expenditure by Vote to be appropriated												
Vote 1 - FINANCE	38,402	1,296	39,698	30,923	–	(8,775)	77.9%	77.9%	–	–	–	32,330
Vote 2 - EXECUTIVE & COUNCIL	41,460	(3,449)	38,010	28,616	–	(9,395)	75.3%	75.3%	–	–	–	27,774
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	26,922	(1,064)	25,858	17,383	–	(8,475)	67.2%	67.2%	–	–	–	19,890
Vote 4 - CORPORATE SERVICES	47,622	(4,853)	42,769	51,215	8,445	8,445	119.7%	119.7%	–	–	–	43,809
Vote 5 - ENGINEERING SERVICES	460,680	7,455	468,135	469,745	1,610	1,610	100.3%	100.3%	–	–	–	404,322
Vote 6 - COMMUNITY SERVICES	64,938	6,817	71,755	51,692	–	(20,063)	72.0%	72.0%	6,447	(6,447)	–	95,621
Total Expenditure by Vote	680,023	6,202	686,225	649,573	10,056	(36,652)	0.0%	0.0%	–	–	–	623,747
Surplus/(Deficit) for the year	13,085	26,094	39,179	99,055		59,876	0.0%	0.0%				10,039

LANGEBERG MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - Unaudited

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	52,863	–	52,863	52,679		(183)	99.7%	99.7%				46,521
Property rates - penalties & collection charges	–	–	–	–		–	0.0%	0.0%				–
Service charges - electricity revenue	371,654	–	371,654	371,968		314	100.1%	100.1%				339,699
Service charges - water revenue	45,612	–	45,612	39,576		(6,036)	86.8%	86.8%				27,205
Service charges - sanitation revenue	23,307	–	23,307	23,558		251	101.1%	101.1%				19,194
Service charges - refuse revenue	20,210	–	20,210	21,178		968	104.8%	104.8%				15,155
Service charges - other	–	–	–	–		–	0.0%	0.0%				–
Rental of facilities and equipment	4,748	–	4,748	3,163		(1,585)	66.6%	66.6%				2,888
Interest earned - external investments	7,712	–	7,712	13,099		5,386	169.8%	169.8%				10,773
Interest earned - outstanding debtors	2,668	13	2,682	2,736		55	102.0%	102.6%				2,608
Dividends received	–	–	–	3		3	0.0%	0.0%				3
Fines	10,317	(4,906)	5,411	5,477		65	101.2%	53.1%				4,529
Licences and permits	1,328	–	1,328	1,454		126	109.5%	109.5%				940
Agency services	5,680	–	5,680	4,145		(1,535)	73.0%	73.0%				3,930
Transfers recognised - operational	102,256	9,012	111,268	103,330		(7,938)	92.9%	101.0%				99,853
Other revenue	13,616	(13)	13,602	32,333		18,730	237.7%	237.5%				24,514
Gains on disposal of PPE	1,395	–	1,395	1,483		89	106.3%	106.3%				7,870
Total Revenue (excluding capital transfers and contributions)	663,365	4,106	667,471	676,181		8,710	101.3%	0.0%				605,685

LANGEBERG MUNICIPALITY - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure) - Unaudited

Description	2018/19								2017/18			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Expenditure By Type												
Employee related costs	201,199	(12,172)	189,027	186,765	–	(2,262)	98.8%	92.8%	(2,134)	2,134	–	172,604
Remuneration of councillors	10,871	(300)	10,571	10,538	–	(33)	99.7%	96.9%	–	–	–	10,222
Debt impairment	14,426	(4,660)	9,766	–	–	(9,766)	0.0%	0.0%	–	–	–	–
Depreciation & asset impairment	29,194	(1,208)	27,987	25,054	–	(2,932)	89.5%	85.8%	(1,288)	1,288	–	25,486
Finance charges	13,228	(1,703)	11,525	11,296	–	(229)	98.0%	85.4%	(1,033)	1,033	–	11,624
Bulk purchases	289,863	–	289,863	293,000	3,137	3,137	101.1%	101.1%	–	–	–	266,193
Other materials	22,639	995	23,634	18,177	–	(5,457)	76.9%	80.3%	48,189	(48,189)	–	66,436
Contracted services	41,861	10,934	52,795	23,462	–	(29,333)	44.4%	56.0%	(36,303)	36,303	–	21,483
Transfers and grants	7,983	280	8,263	1,765	–	(6,498)	21.4%	22.1%	(11)	11	–	1,820
Other expenditure	48,182	14,035	62,217	63,376	1,158	1,158	101.9%	131.5%	(954)	954	–	43,963
Loss on disposal of PPE	578	–	578	–	–	(578)	0.0%	0.0%	(20)	20	–	–
Total Expenditure	680,023	6,202	686,225	633,433	4,295	(52,792)	92.3%	93.1%	6,447	(6,447)	–	619,831
Surplus/(Deficit)	(16,658)	(2,096)	(18,754)	42,749	(4,295)	61,502	-227.9%	-256.6%				(14,146)
Transfers recognised - capital	29,743	28,190	57,933	56,307	–	(1,627)	97.2%	189.3%				24,145
Contributions recognised - capital	–	–	–	–	–	–	0.0%	0.0%				–
Contributed assets	–	–	–	–	–	–	0.0%	0.0%				40
	13,085	26,094	39,179	99,055		59,876	252.8%	757.0%				10,039
Surplus/(Deficit) after capital transfers & contributions												
Taxation	–	–	–	–	–	–	0.0%	0.0%				–
Surplus/(Deficit) after taxation	13,085	26,094	39,179	99,055		59,876	252.8%	757.0%				10,039
Attributable to minorities	–	–	–	–	–	–	0.0%	0.0%				–
Surplus/(Deficit) attributable to municipality	13,085	26,094	39,179	99,055		59,876	252.8%	757.0%				10,039
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	0.0%	0.0%				–
Surplus/(Deficit) for the year	13,085	26,094	39,179	99,055		59,876	252.8%	757.0%				10,039

LANGEBERG MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding - Unaudited

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - FINANCE	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 2 - EXECUTIVE & COUNCIL	-	-	-	-	-	-	0%	0%	-	-	-	-
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	1,000	(443)	557	457	-	(100)	0%	0%	-	-	-	-
Vote 4 - CORPORATE SERVICES	500	(150)	350	316	-	(34)	0%	0%	-	-	-	173
Vote 5 - ENGINEERING SERVICES	52,268	(7,430)	44,838	38,826	-	(6,012)	0%	0%	-	-	-	7,613
Vote 6 - COMMUNITY SERVICES	-	-	-	-	-	-	0%	0%	-	-	-	-
Capital multi-year expenditure	53,768	(8,023)	45,745	39,599	-	(6,146)	0%	0%	-	-	-	7,786
Single-year expenditure												
Vote 1 - FINANCE	4,500	(4,316)	184	184	-	-	0%	0%	-	-	-	568
Vote 2 - EXECUTIVE & COUNCIL	-	154	154	115	-	(39)	0%	0%	-	-	-	546
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	1,300	(338)	962	882	-	(80)	0%	0%	-	-	-	1,393
Vote 4 - CORPORATE SERVICES	1,070	312	1,382	1,302	-	(80)	0%	0%	-	-	-	2,171
Vote 5 - ENGINEERING SERVICES	7,963	1,180	9,143	8,090	-	(1,053)	0%	0%	-	-	-	29,028
Vote 6 - COMMUNITY SERVICES	19,510	24,250	43,761	43,119	-	(642)	0%	0%	-	-	-	2,533
Capital single-year expenditure	34,344	21,242	55,586	53,692	-	(1,894)	0%	0%	-	-	-	36,239
Total Capital Expenditure - Vote	88,111	13,219	101,331	93,290	-	(8,040)	0%	0%	-	-	-	44,025

LANGEBERG MUNICIPALITY - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding - Unaudited

Vote Description R thousand	2018/19								2017/18			
	Original Budget	Total Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
Governance and administration	7,870	(5,024)	2,846	2,603	–	(242)	0%	0%	–	–	–	2,587
Executive and council	–	154	154	115	–	(39)	0%	0%	–	–	–	–
Finance and administration	7,870	(5,179)	2,691	2,488	–	(203)	0%	0%	–	–	–	2,080
Internal audit	–	–	–	–	–	–	0%	0%	–	–	–	507
Community and public safety	20,010	24,331	44,341	43,627	0	(714)	0%	0%	–	–	–	4,650
Community and social services	1,919	111	2,030	1,786	–	(244)	0%	0%	–	–	–	1,925
Sport and recreation	7,591	6,335	13,927	13,483	–	(444)	0%	0%	–	–	–	2,711
Public safety	–	156	156	129	–	(27)	0%	0%	–	–	–	–
Housing	10,500	17,729	28,229	28,229	0	0	0%	0%	–	–	–	15
Health	–	–	–	–	–	–	0%	0%	–	–	–	–
Economic and environmental services	17,247	4,110	21,356	18,755	–	(2,601)	0%	0%	–	–	–	3,803
Planning and development	1,115	(247)	868	868	–	(0)	0%	0%	–	–	–	137
Road transport	16,132	4,357	20,488	17,887	–	(2,601)	0%	0%	–	–	–	3,666
Environmental protection	–	–	–	–	–	–	0%	0%	–	–	–	–
Trading services	42,984	(10,197)	32,787	28,305	–	(4,483)	0%	0%	–	–	–	32,985
Electricity	27,779	(12,642)	15,137	12,892	–	(2,245)	0%	0%	–	–	–	5,470
Water	10,150	2,565	12,715	11,225	–	(1,490)	0%	0%	–	–	–	27,163
Waste water management	–	302	302	297	–	(5)	0%	0%	–	–	–	352
Waste management	5,055	(422)	4,633	3,890	–	(743)	0%	0%	–	–	–	–
Other	–	–	–	–	–	–	0%	0%	–	–	–	–
Total Capital Expenditure - Standard	88,111	13,219	101,331	93,290,433.66	0	(8,040)	0%	0%	–	–	–	44,025
Funded by:												
National Government	18,793	5,297	24,090	22,996	–	(1,094)	0%	0%	–	–	–	15,754
Provincial Government	10,500	22,343	32,843	32,551	–	(293)	0%	0%	–	–	–	8,108
District Municipality	450	550	1,000	760	–	(240)	0%	0%	–	–	–	–
Other transfers and grants	–	–	–	–	–	–	0%	0%	–	–	–	–
Transfers recognised - capital	29,743	28,190	57,933	56,307	–	(1,627)	0%	0%	–	–	–	23,863
Public contributions & donations	–	–	–	–	–	–	0%	0%	–	–	–	40
Borrowing	20,124	(12,212)	7,912	5,961	–	(1,951)	0%	0%	–	–	–	–
Internally generated funds	38,244	(2,759)	35,485	31,023	–	(4,462)	0%	0%	–	–	–	20,122
Total Capital Funding	88,111	13,219	101,331	93,290	–	(8,040)	0%	0%	–	–	–	44,025

LANGEBERG MUNICIPALITY - Reconciliation of Table A7 Budgeted Cash Flows - Unaudited

Description	2018/19							2017/18
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Property rates, peanalties and collection charges	51,805	–	51,805	46,891	(4,914)	90.5%	90.5%	39,358
Service charges	451,567	–	451,567	435,279	(16,288)	96.4%	96.4%	405,547
Other revenue	29,955	(3,569)	26,385	29,016	2,631	110.0%	96.9%	33,631
Government - operating	102,256	5,677	107,933	97,152	(10,781)	90.0%	95.0%	103,375
Government - capital	29,743	18,139	47,882	56,307	8,425	117.6%	189.3%	31,200
Interest	10,327	13	10,340	13,099	2,759	126.7%	126.8%	10,773
Dividends	–	–	–	3	3	100.0%	100.0%	3
Payments								
Suppliers and employees	(606,965)	(5,759)	(612,724)	(573,006)	39,718	93.5%	94.4%	(543,957)
Finance charges	(13,228)	1,703	(11,525)	(1,658)	9,867	14.4%	12.5%	(2,258)
Transfers and Grants	(7,983)	(287)	(8,270)	(1,765)	6,505	21.3%	22.1%	(1,820)
NET CASH FROM/(USED) OPERATING ACTIVITIES	47,478	15,916	63,394	101,316	37,922	159.8%	213.4%	75,853
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	817	–	817	2,133	1,317	261.2%	261.2%	8,392
Decrease (Increase) in non-current debtors	–	–	–	–	–	0.0%	0.0%	–
Decrease (increase) other non-current receivables	–	(3,500)	(3,500)	–	3,500	-100.0%	-100.0%	–
Decrease (increase) in non-current investments	(2)	2	–	–	–	0.0%	0.0%	–
Payments								
Capital assets	(88,111)	(10,055)	(98,167)	(94,236)	3,931	96.0%	107.0%	(46,207)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(87,297)	(13,553)	(100,850)	(92,103)	8,747	91.3%	0.0%	(37,816)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	–	–	–	–	–	0.0%	0.0%	–
Borrowing long term/refinancing	20,537	(12,212)	8,325	–	(8,325)	-100.0%	-100.0%	–
Increase (decrease) in consumer deposits	628	37	665	1,128	462	169.5%	179.6%	1,119
Payments								
Repayment of borrowing	(4,764)	3,269	(1,496)	(4,772)	(3,277)	319.1%	100.2%	(5,126)
NET CASH FROM/(USED) FINANCING ACTIVITIES	16,401	(8,906)	7,495	(3,645)	(11,140)	-48.6%	-22.2%	(4,007)
NET INCREASE/ (DECREASE) IN CASH HELD	(23,418)	(6,543)	(29,961)	5,569				34,030
Cash/cash equivalents at the year begin:	104,887	44,248	149,135	149,135				115,105
Cash/cash equivalents at the year end:	81,469	37,705	119,174	154,704	35,530	129.8%	189.9%	149,135